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ADDENDUM "A"

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SECTION A

GENERAL PROGRAM OBJECTIVES

The Contractor shall furnish the materials, services, data and reports necessary to perform the work as set forth in the following sections. The scope of work encompasses effort required to assemble, fabricate, install and checkout that portion of the Central Processing Center defined under Section C, Item No. 1 hereunder. Delivery of the aforementioned equipment shall be accomplished FOB the Contractor's facility with the Contractor being responsible for further delivery of the equipment to the Government at a specified destination within the continental limits of the United States.

25X1A The Contractor's major obligation under Contract [redacted]33 (657)-12843 shall be to provide an operating group of equipment within the Central Processing Center which shall be compatible in all respects with the Electromagnetic Reconnaissance System(s) 25X1A (EMR's) delivered under Contract [redacted]33(657)-12846 and the overall Ground Data Reduction complex. Additionally, equipments shall be provided to form the nucleus of repair facilities which shall be activated at the operational site and Contractor's facility.

The SPO will provide necessary technical direction to the Contractor to fulfill the requirements of the applicable specification. The EMR Contractor will continually coordinate activities with the GDR Contractor in the interest of effectively integrating 25X1A the EMR associated equipment(s) into the total system compatible with scheduling and overall CPC requirements. [redacted] Memorandum(s) of Understanding" shall form the basis of mutual understanding between the GDR and EMR Contractors, said memoranda to have the endorsement of the SPO whenever necessary. Additionally, those portions of the EMR Contractor's Monthly Technical Progress Report concerning areas of mutual EMR-GDR associate contractor interest or responsibility shall be provided the GDR Contractor.

During the performance of this contract, the Contractor will be required to coordinate his efforts, through an Associate Contractor relationship, with other Program Contractors. This coordinated effort is required to assure overall program compatibility and is considered part of the contract effort. A free-and-easy information exchange between contractors is required, and when information is submitted to the SPO this information will have been coordinated with other responsible Program Contractors. When conditions prevent adequate coordination of information, the submitting contractor shall be responsible for notifying the SPO of this condition.

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SECTION B

ARTICLES OR SERVICES TO BE FURNISHED

ITEM	ARTICLES OR SERVICES	QUANTITY
1	Central Processing Center, Operating Group for	1 system
2	Spare Parts Provisioning for Item 1	Lot
3	Engineering Data, Consisting of:	
	(A) CPC Operational Handbook	
	(1) Preliminary	15 copies
	(2) Final	15 copies
	(B) Manufacturing Drawings	
	(1) Reproduction Type	
	(a) Preliminary	1 set
	(b) Final	1 set
	(2) Microfilm	
	(a) Preliminary	3 sets
	(b) Final	3 sets
	(C) Parts Consumption List(s)	Lot
	(D) Reports	
	(1) Technical Progress	4 copies
	(2) Fiscal Progress	4 copies
4	Training	Lot
5	Full ELINT Processing	Lot
6	Special Tooling, Facilities and Equipment Encompassing:	
	(A) Requirements for Production of Item 1	Lot
	(B) Requirements for Repair Capability	
	(1) Field Shop Equipment	
	(2) Specialized Repair Activity (SRA) Equipment	
7	Special Processing Requirements	Lot
8	Mission Planning and Preparation (MP²)	Lot

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SECTION C

DESCRIPTION OF ITEMS AND SPECIFICATIONS

Item 1 - The Contractor shall assemble, fabricate, install and checkout the EMR Electronic Data Processing operating group described in system specification 1916-SPS-21 entitled "Central Processing Center, Electronic Data Processing System" Rev. C dated 15 February 1965.

Item 2 - Spare parts provisioning for the CPC operating group (Item No. 1) shall be accomplished in accordance with Exhibit "A" attached hereto and made a part of this Work Statement.

Item 3 - Engineering Data

(A) CPC Operational Handbook - The following manual, compiled in accordance with good commercial practice, shall be provided; CPC Field Repair Shop/SRA Operation and Maintenance.

The above handbook shall be provided in both Preliminary and Final form, with the Final Handbook, (Compiled in the form of "changed" pages) constituting an updating and completion of the Preliminary Manual.

(B) Manufacturing Drawings reflecting the delivered configuration of equipment(s) furnished under Item 1 (Section B) will be maintained current in accordance with the Contractor's standard change control procedure. The following types shall be provided in both preliminary and final form with the final drawings constituting those necessary to update and complete the preliminary set of drawings.

(1) Reproduction Type - Drawings shall be "Blue Line" texture and legible in all respects.

(2) Microfilm

35mm microfilm per MIL-M-9868
Type I - Silver Halide

Class 1 - Camera microfilm (negative type) clear line image

Note: The quality of microfilm will not be subject to the requirements of MIL-M-9868 - 15 April 1960.

Microfilm will be mounted on aperture card

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per MIL-C-9877A
Type I - Cold seal, pressure sensitive microfilm carrier.

Aperture card will be Code Card "A" Form DD 1306, per MIL Standard 804A.

All spec and source control drawings will be microfilmed and mounted in aperture cards and a vendor deck will be provided.

D'L's and Il's will be provided per MIL Standard 804A.

All assemblies at the EMR Contractor's level will be submitted on microfilm.

All schematics will be submitted on microfilm.

(C) Parts Consumption List(s) shall be maintained by the Contractor commencing with initial testing of the CPC operating group through the completion of Government acceptance and fulfillment of all Contractor obligations under Item 1 (Section B). The format for the parts consumption list(s) shall be as mutually agreed to by the SPO and EMR Contractor.

(D) Reports, technical and financial, shall be provided in accordance with a format established by the SPO.

Item 4 - Training shall be conducted in accordance with the Contractor's Document "EMR and GDR Training Plan (Final), 1912-R-15" as agreed to and to be dated 15 February 1965.

Item 5 - Full ELINT Processing - Necessary program(s) to perform full ELINT processing shall be as defined in the Contractor's functional specification 1916-SPS-1, entitled "EMR Data Processing System" Rev. A dated 2 October 1964. An output of this processing will be fully compatible with the "Finder" Library for immediate per mission insertion into the finder file as a collateral input.

Item 6 - Special Tooling, Facilities and Equipment

(A) Requirements for production of Item 1 - same shall be defined as all Special Tooling, Fabricated and/or Developed for production of the CPC operating group equipment(s). Maximum use will be made of items available from the DT & E program.

(B) Requirements for Repair Capability

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SECTION C (Cont'd)

(1) Field Shop Level - same shall be defined as that equipment which is required to provide a repair capability through the lowest level of field replaceable elements at the operating location. Production equipment and tooling (6 (A) above) shall be the primary source of this equipment.

(2) Specialized Repair Activity (SRA) Level - same shall be defined as equipment required to effect complete repair of components associated with the CPC operating group. This equipment will be basically equivalent to that available at the field shop level, however additional equipment necessary to effect repair of a specialized nature, over and above the field shop capability, will also be included in the SRA complement. Production equipment and tooling (6 (A) above) shall be the source of this equipment.

Item 7 - Special Processing Requirements - These to be defined as follows:

(A) Navigation Processing System - Provide the capability at the MPC/CPC to translate, validate, smooth and present mission navigation data from the computer compatible tapes which are an output of the MDRDE Digital Formatter. This task will be implemented in accordance with the EMR Contractor's Document No. 1916-R-1-b, entitled "NAV Processing Study Report" final issure, dated 27 February 1965.

(B) EMR Tape Preparation System - Provide the capability at the MPC/CPC to assemble, validate, punch and verify paper tapes for loading the SCL mission program. This task will be implemented in accordance with the EMR Contractor's Document No. 1912-R-17-h(1), entitled "EMR Tape Preparation Study Report" dated 6 March 1965.

(C) ANS Tape Preparation System - Provide the capability at the MPC/CPC to store, assemble, validate, punch and verify paper tapes for loading the NAV System mission program via the NAV System Computer Fill Unit. This task will be implemented in accordance with the EMR Contractor's Document No. 1912-R-17-h(2) "ANS Tape Preparation Study Report" dated 20 March 1965.

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SECTION C (Cont'd)

(D) Maintenance Data Processing System - Provide the capability at the MPC/CPC to process maintenance data from the computer compatible tapes which are an output of the MDRDE Digital Formatter. The significance of the maintenance-data parameters and requirements for processing shall be derived from information supplied by ADP during Cat I testing. This task shall be implemented in accordance with the EMR Contractor's Document(s) No. 1916-R-1-c, entitled "Maintenance Data Processing Study" Interim issue, dated 10 April 1965 and Final issue (date to be determined).

(E) Data Interpretation Assistance - Provide the capability at the MPC/CPC to generate information to assist the photo interpreter in the analysis of mission data. The task will be implemented in accordance with the EMR Contractor's Document No. 1916-R-1-a, entitled "Mission Tape Processing Report" dated 6 February 1965 and Document(s) No. 1987-R-1, entitled "Data Interpretation Study Report" interim issue, dated 23 February 1965 and final issue, dated 31 May 1965.

NOTE: In connection with Item 7 above the ANS Contractor will:

1. Furnish data in 1620 format with sample conversion problems, and

2. Furnish minor support to the EMR Contractor during MPC checkout to incure correctness of 3200 operation only insofar as NAV data is concerned.

Item 8 - Mission Planning and Preparation (MP^2) - Systems and associated reports to fulfill this requirement shall be as defined in the Contractor's Document 1975-W-1, entitled "Work Statement for Mission Planning and Preparation" Rev. A dated 1 March 1965.

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SECTION D

DELIVERY SCHEDULE

The items to be furnished under Section B hereof shall be delivered during the periods listed below:

Item 1 - Central Processing Center, Operating Group

(A)	Flash Reporting Capability, Demonstration	31 July 1965
(B)	Total Processing Capability, Demonstration	31 Dec. 1965

Item 2 - Spare parts provisioning for Item 1 - same shall be pursued in a diligent and conscientious manner consistent with the requirements set forth under Exhibit "A" hereof. Necessary conferences shall be held at times mutually agreed to by the SPO and the contractor. The contractor's obligation for updating and/or revising the spares provisioning list shall be fulfilled at such time as the CPC Total Processing Capability (Item 1B above) shall have been demonstrated to, and accepted by, the Government.

Item 3 - Engineering Data

(A) CPC Operational Handbook

(1) Preliminary — Thirty (30) days after completion of the Flash Reporting Capability Demonstration (Item 1A).

(2) Final — Sixty (60) days after completion of the Total Processing Capability Demonstration (Item 1B).

(B) Manufacturing Drawings

(1) Reproduction Type

(a) Preliminary — Concurrent with the completion of the Flash Reporting Capability Demonstration (Item 1A).

(b) Final — Sixty (60) days after completion of the Total Processing Capability Demonstration (Item 1B).

(2) Microfilm

(a) Preliminary — Thirty (30) days after completion of the Flash Reporting Capability Demonstration (Item 1A).

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SECTION D (Cont'd)

(b) Final — Sixty (60) days after completion of the Total Processing Capability Demonstration (Item 1B).

(C) Parts Consumption List(s) — Same shall be submitted to the SPO on an incremental basis commencing with initial testing of the CPC operating group, with the Final submittal being made no later than thirty (30) days following completion of the Total Processing Capability Demonstration (Item 1B).

(D) Reports

(1) Monthly Technical - shall be delivered to the SPO by the 15th Calendar Day of the month subsequent to the completion of the report period.

(2) Monthly Fiscal - shall be delivered to the Contracting Officer by the 15th Calendar Day of the month subsequent to the completion of the report period.

Item 4 - Training - same shall be accomplished consistent with the milestones set forth under Exhibit "A" of this Contractor's Document "EMR and GDR Training Plan (Final), 1912-R-15" as agreed to and to be dated 15 February 1965.

Item 5 - Full ELINT Processing - necessary programs to perform full ELINT Processing shall be prepared in a timely manner so as to be available for Government acceptance coincident with the demonstration of the CPC Operating Group Total Processing Capability (Item 1B).

Item 6 - Special Tooling, Facilities and Equipment

(A) Requirements for production of Item 1: Special tooling facilities and equipment shall be fabricated and/or developed in a timely manner so as to be coincident with manufacturing schedules of equipment(s) to be delivered under Item 1. Disposition of this equipment to the Repair Facilities (Field Shop and SRA - see below) shall be performed upon completion of the Flash Reporting Capability Demonstration (Item 1A).

(B) Requirements for Repair Capability:

(1) Field Shop Equipment - same shall be delivered on-site in a timely manner so as to be available coincident with the activation of the Central Processing Center. The availability date of the Field Shop Equipment is herein proposed to be 10 August 1965.

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SECTION D (Cont'd)

(2) Specialized Repair Activity Equipment - same shall be available at the Contractor's Facility so as to facilitate timely repair and maintenance of CPC Operating Group Equipment(s). The in-plant availability date of the SRA equipment is herein proposed to be 15 August 1965.

Item 7 - Special Processing Requirements

(A)	Navigation Processing System	30 June 1965
(B)	EMR Tape Preparation System	31 August 1965
(C)	ANS Tape Preparation System	31 August 1965
(D)	Maintenance Data Processing System	31 May 1966
(E)	Data Interpretation Assistance	
(1)	Data Interpretation Study Report	
(a)	Interim Issue	23 February 1965
(b)	Final Issue	31 May 1965
(2)	Data Interpretation Assistance System	15 January 1966

Item 8 - Mission Planning and Preparation (MP^2)

(A)	Mission Planning Study	
(1)	Work Statement for MP^2	6 October 1964
(2)	Preliminary Planning Report	1 June 1964
(3)	Review Meeting	See Item C(6) below
(B)	MP^2 for Cat II Utilization	
(1)	Design Definition Report	28 February 1965
(2)	Design Implementation Report	30 September 1965
(3)	Test and Evaluation Report	30 September 1965
(4)	Cat II System	15 August 1965
(5)	Engineering Services - shall be rendered (cumulative basis) in the period July - August 1965.	
(6)	Review Meeting(s)	See Item C(6) below
(C)	MP^2 for Operational Utilization	
(1)	Design Definition Report	
(a)	Interim Issue	22 January 1965

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SECTION D (Cont'd)

	(b) Final Issue	30 April 1965
(2)	Design Implementation Report	
	(a) Interim Issue	31 December 1965
	(b) Final Issue	31 July 1966
(3)	Test and Evaluation Report	30 April 1966
(4)	OPS System(s)	
	(a) CPC/MPC	28 February 1966
	(b) Headquarters	31 May 1966

(5) Engineering Services - shall be rendered (cumulative basis) in the period November 1965 through February 1966.

(6) Review Meeting(s) - these to be held on a quarterly basis commencing December 1964 through September 1965.

Item D - Data Film Preparation Equipment - Performance Requirement Report — 15 March 1965

INSPECTION AND ACCEPTANCE

Final inspection and acceptance of Item 1 (Prime Equipment Contractual obligation) shall be accomplished at the CPC upon compliance with the Applicable Specification. The Contractor shall be responsible for the delivery of CPC Operating Group Equipment(s) to the Government at the specified destination within the continental limits of the United States. Final inspection and acceptance of all other items (not considered to be Prime Equipment Contractual obligations) shall also be accomplished at destination.

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ITEM NO.	EFFORT OR ACTIVITY
1	Central Processing Center (CPC)
	A. Flash Reporting Capability
	B. Total Processing Capability
2	Spare Pts. Prov. for CPC (IT#1)
3	Engineering Data
	A. Handbook
	1. Preliminary
	2. Final
	B. Drawings
	1. Reproduction Type
	a. Preliminary
	b. Final
	2. Microfilm
	a. Preliminary
	b. Final
	C. Parts Consumption List(s)
	D. Reports
	1. Tech. Progress - 15th Day
	2. Fiscal Progress - 15th Day
4	Training
	Pre. Req. Trg.-Programming
	CPC Equipment Maintenance
	CPC Programming Maintenance
	CPC Operation
	CPC Data Analysis
5	Full ELINT Processing
6	Spec. Tooling, Fac. & Equipment
	A. Req. for Prod. of Item 1
	B. Req. for Repair Capability
	1. Field Shop Equipment
	2. Spec. Repair Act.(SRA)Equip

Prov. Conf.

Equip. X-fer from DT & E

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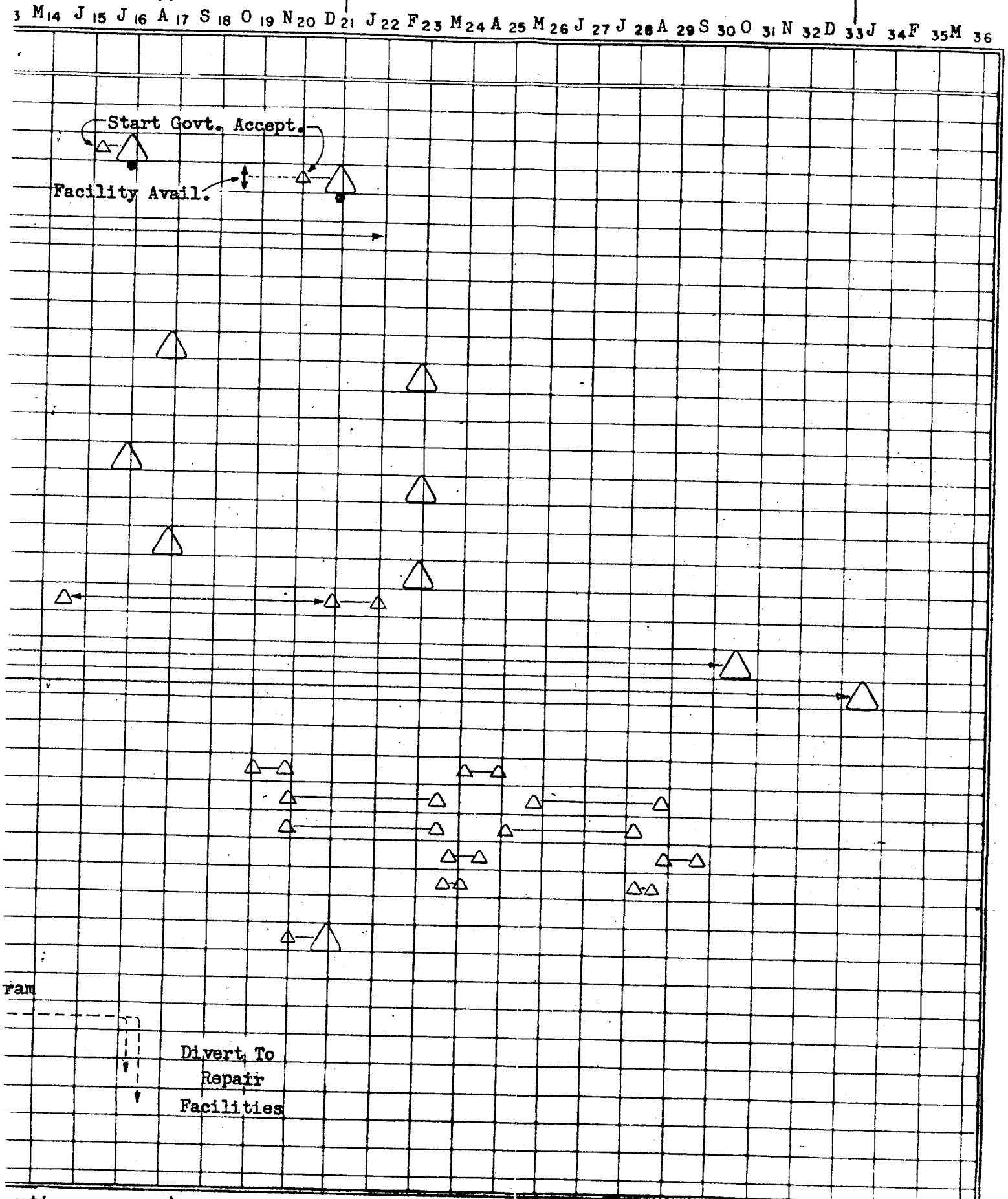
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3 M 14 J 15 J 16 A 17 S 18 O 19 N 20 D 21 J 22 F 23 M 24 A 25 M 26 J 27 J 28 A 29 S 30 O 31 N 32 D 33 J 34 F 35 M 36
Start Govt. Accept.
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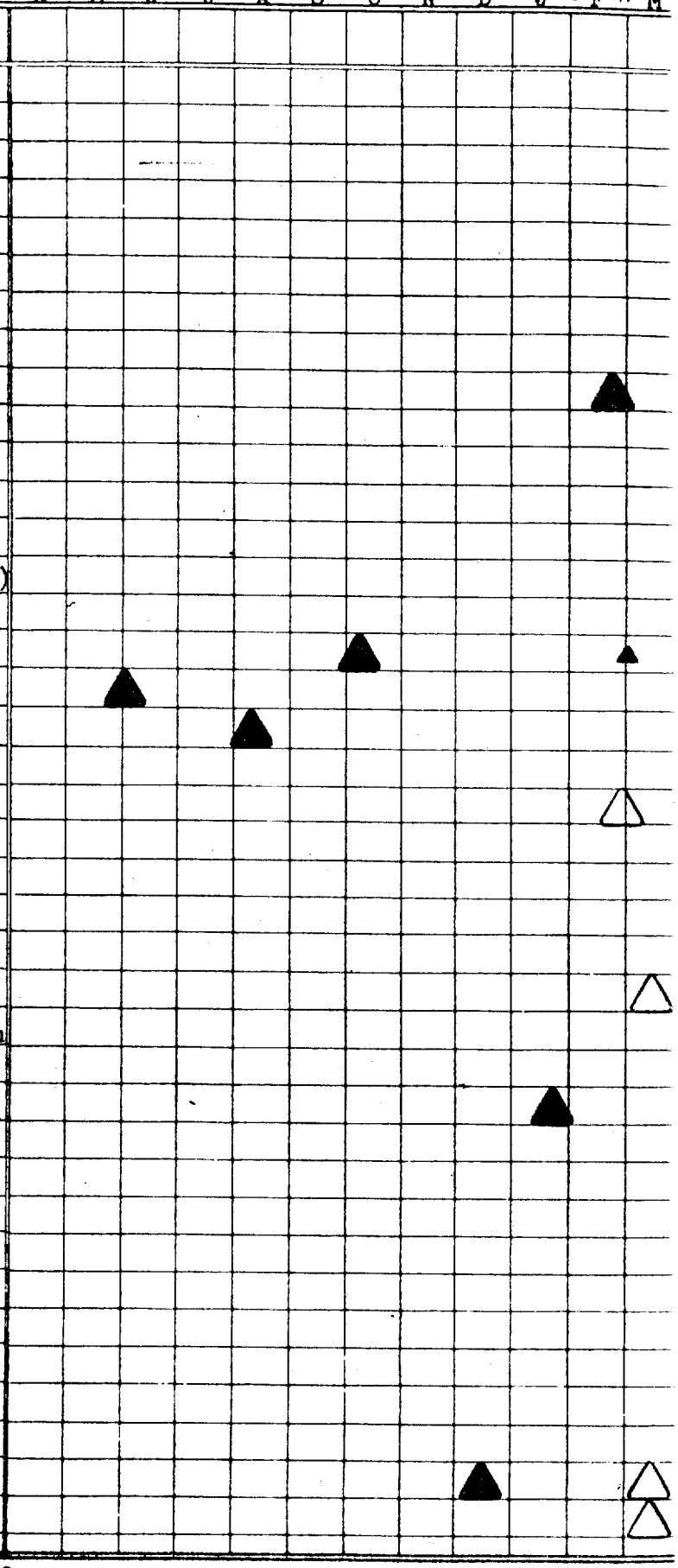
ITEM NO.	EFFORT OR ACTIVITY
7	Special Proces. Requirements
	A. NAV Proc. System
	B. EMR Tape Prep. System
	C. ANS Tape Prep. System
	D. Maint. Data Proces. System
	E. Data Interpretation Assis.
	1. Study Report
	a. Interim
	b. Final
	2. System
	*Accepted as part of Item 8 (MP²)
8	Mission Planning & Preparation(MP²)
	A. Mission Planning Study
	1. Work Statement for MP²
	2. Prel. Planning Report
	3. Review Meeting
	B. MP² for Cat II Utilization
	1. Design Definition Report
	2. Design Implementation Rep.
	3. Test & Evaluation Rep.
	4. System (Start Cat II)
	5. Engineering Services
	6. Review Meeting(s)
	C. MP² for Operational Utilization
	1. Design Definition Report
	a. Interim
	b. Final
	2. Design Implementation Rep.
	a. Interim
	b. Final
	3. Test & Evaluation Rep.
	4. System(s)
	a. CPC/MPC
	b. Headquarters
	5. Engineering Services
	6. Review Meeting(s)
	D. Data Film Prep. Equip.-Report



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△ Contractual Obligations △ Review Conference △ Obligation △ Inte

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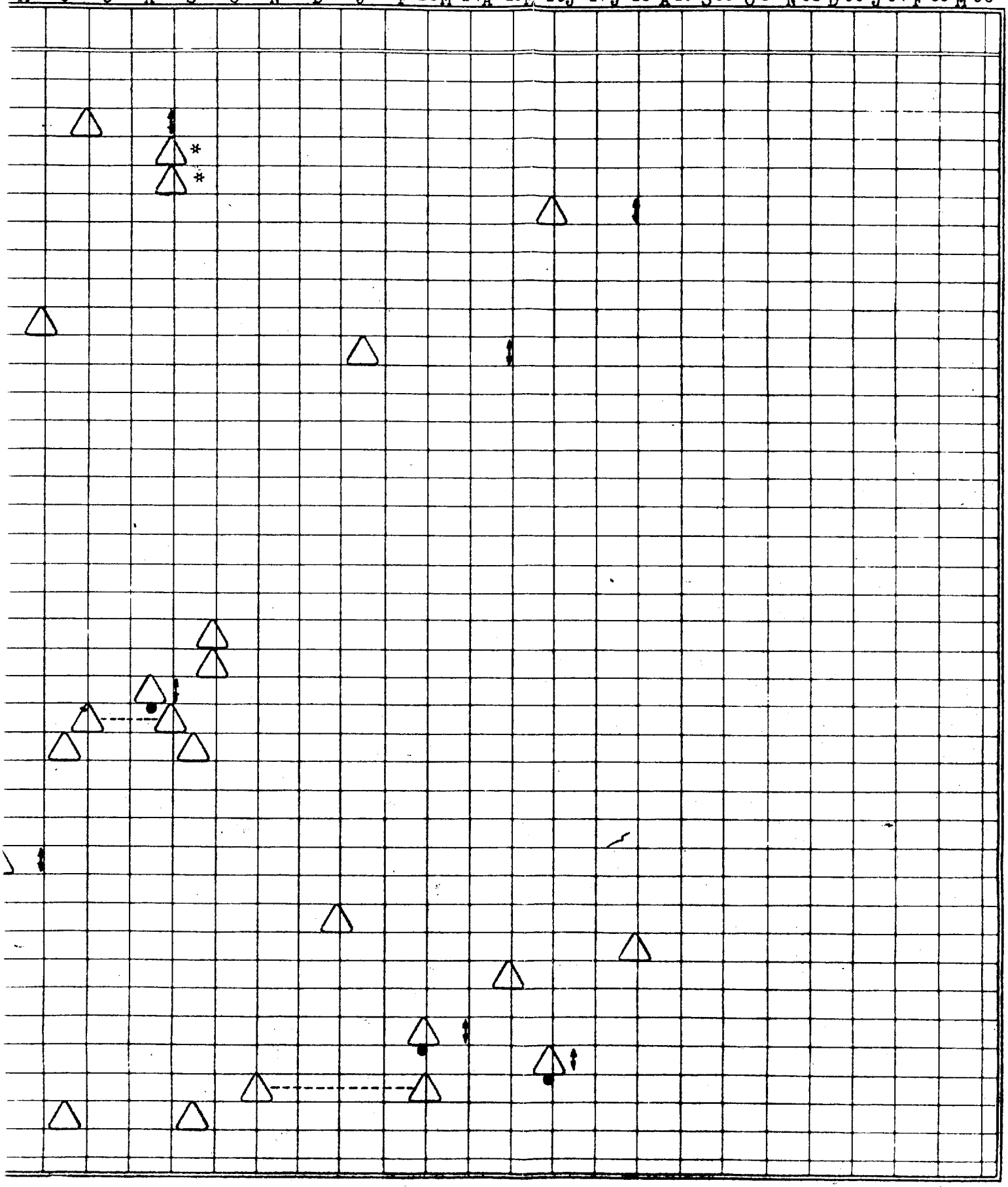

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bligation Interim Milestone (Customer Acceptance) Shaded symbol indicates achievement 1

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SECTION E

ENGINEERING CHANGE PROCEDURES

The Contractor will comply with the engineering change procedure as set forth under Exhibit "B" attached hereto and made a part of this Work Statement.

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The following is to be recognized re. the responsibility for incorporating engineering changes from the Mobile Processing Center (MPC) (Contract [redacted]33(657)-12278) into the Central Processing Center, Item #1 as defined under this Work Statement:

(A) The Contractor shall be responsible for incorporating into the CPC all changes effected for MPC equipment(s) including, but not limited to, those resulting from in-plant system check out and also required up to the date of MPC activation at the Flight Test Site, herein submitted to be 15 March 1965 (*).

(B) MPC changes effected subsequent to 15 March 1965 (*) will be incorporated into the CPC in accordance with the Engineering Change Procedure (ECP) cited under Exhibit "B" hereof.

(*) Date established as design freeze.

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SECTION F

AGE REQUIREMENTS LIST (AGERL)

On or before 25 May 1965 the Contractor shall furnish the SPO with an AGE requirements list in the format set forth under Exhibit "D" attached hereto and made a part of this Work Statement.

The AGERL shall encompass Item 6B equipments to the extent that same might be considered within the general definition of Aerospace Ground Equipment.

The AGERL will be supported by drawings or other descriptive data, said drawings and data to be made available to the PSO upon request.

After the initial submission of the AGERL, the Contractor shall update the list as required.

AGE requirements list(s) shall be submitted as follows:

(A) One multilith master to the PSO

(B) One copy to the SPO

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SECTION G

RELIABILITY

The Contractor shall maintain a reliability program to ensure that the equipment reflects the best reliability that can be obtained within the constraints of cost, schedule, and performance. The reliability program shall include, but not be limited to, design review, reliability analysis, maintainability analysis, part selection and application to the extent required to ensure the success of the program.

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EXHIBIT A

SPARE PARTS PROVISIONING

PART I General Provisions

1. Purpose

The purpose of this document is to prescribe the procedures, terms and conditions governing the quantitative determination of the spares and AGE spares required to support the article on contract.

2. General

a. To the extent that equipment is available to the Contractor, all documentation required may be furnished by EAM methods.

b. The prime Contractor shall include the requirements of this document as applicable on all contracts with sub-contractors or vendors for system and/or equipments requiring spares.

PART II Spares Provisioning List

1. Initial Submission

As soon as possible after item design is frozen, but not later than agreed upon dates, the contractor shall furnish the contracting officer with a Spares Provisioning Lists in the format(s) of pages 23, 24 and 25. The lists shall be:

a. Provisioning Parts Breakdown (PPB)

b. SRA 45 day support items

The Provisioning Parts Breakdown shall be in top down, bill of material order to a module level. The list shall contain contractor recommendations for range and quantity of all spares required for operational phase.

This list shall be covered by drawings or other descriptive data for all peculiar items, and for any common item(s) recommended for modification or adaption. The drawings and data shall be made available to the Project Support Office upon request.

The SRA 45 day Support List shall contain a range and quantity of spare bit and pieces required for an SRA activity. The quantity of such items shall be sufficient for but not to exceed a 45 day level.

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2. Revisions to the Spares Provisioning Lists

After the initial submission of the Spares Provisioning Lists the Contractor shall update the list as required.

3. Distribution

Spares Provisioning Lists shall be submitted as follows:

a. One direct reading reproducible to the Project Support Office

b. One print copy to the SPO

4. Expedite Submission

When in the opinion of the contractor, delay in design development and fabrication of any long lead time item(s) would result in delinquency delivery of other items, he shall so notify the SPO and the Project Support Office. Upon receipt of such notification from the contractor, the contracting office shall officially approve or disapprove the Spares Provisioning List.

PART III Procurement Notification

After review and adjustment of the Spares Provisioning List by the contracting officer and the contractor at the initial Provisioning Conference convened by the Project Support Office, the PSO will prepare a Purchase Request for the approved items and quantities.

PART IV Spares Exhibit

The initial provisioning conference shall be convened in order for the PSO and the contractor to agree on the type and quantity of spare parts to be procured. After agreement is reached, the contractor shall be authorized to immediately proceed with the fabrication and procurement of the authorized spare parts. Firm prices shall be submitted by the contractor to the contracting officer within sixty (60) days thereafter.

PART V Adjustment in Funds

1. If at any time the total estimated price of the spares selected for procurement exceeds the dollar amount administratively reserved for spares as known by the contractor, the contractor shall promptly notify the contracting officer in writing to the effect, setting forth the estimated amount of such excess.

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2. Within ten (10) days after receipt of such notification, the procuring contracting office shall advise the contractor either:

   a. that additional funds will be made available, or

   b. which items and quantities are to be deleted or reduced.

PART VI Coding

Codes applicable to source, maintenance, recoverability, and kits are listed in the attachment. These may be used in Block 13 of the Figure "A".

PRE-IDENTIFICATION AND PRE-SELECTION PROCEDURES

1. Item Numbers:

   a. Item numbers shall be assigned by the contractor in consecutive numerical sequence to each item of spare parts released or recommended for procurement the first time the item is submitted by the contractor. In the event it is necessary, as a result of additional application, for example, to resubmit an item, which as previously been submitted, the contractor shall use the item number originally assigned the item and will reference the part first submitted. Under no circumstances will the same item number be reassigned to another spare part furnished under the contract.

2. Parts to be Listed:

   a. The Provisioning Parts Breakdown shall list in top down, bill of material breakdown order all installations, assemblies, sub-assemblies and modules which can be dissembled, reassembled, or replaced and are recommended as a spare. Items such as sealed units or items which lose their identity by being welded or fabricated into a permanent unit need not be broken down into details.

3. Repair Kits:

Not applicable.

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INSTRUCTION FOR PREPARATION OF PROVISIONING LISTS

1. Instructions:

a. The contractor will insert the appropriate title of the list in the upper center of the format and will complete the data on the two lines at the bottom. The following instructions apply to the data on the two lines at the bottom of the format.

25X1A

Contract No.	-	[redacted]33(657)-12843
Nomenclature	-	Insert name of equipment being provisioned.
Model/Type No.	-	Self Explanatory
Date of List	-	Insert date of preparation
Revision	-	Used only for revisions after initial preparation. Revisions should be lettered serially starting with the letter "A"
Page of page	-	Self Explanatory

b. Detailed instruction for preparation of format:

(1) Block No. 1 of Line 1, "Item or Sequence No.". This block is used for a sequential line item control, commencing with the first line item on the first page of the format, and continuing numerically to the last item on the last page of the format. Vehicle systems shall start with Alpha A00010. Ground systems shall start with Alpha B00010.

(2) Block No. 2, Line 1, "Indenture No." A number inserted in this block indicates the relation of the line item to the systems or end article, e.g.:

1 2 3 4 5 6

System
*SubSystem
*Major Units
*Assembly
*SubAssembly
*Module

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(3) Block No. 3, Line 1, "Reference Symbol No. (for Electronics Only), optional for other use." This block is reserved for reference symbol data in provisioning of all electronic equipment. When equipment other than electronic equipment is being provisioned, the use of this block is optional.

(4) Block No. 4, Line 1, "Item Name." An item name is contained in the Federal Cataloging Handbook H6-1, or the name assigned by the manufacturer when an applicable item name is not contained in the handbook, will be inserted in this column. The item may be abbreviated as necessary.

(5) Block No. 5, Line 1, "Prime Contractors Part No." This block is used for printing the "Prime Contractors Part No." only on the first appearance of an item on the List. (Part number not to exceed 15 digits).

(6) Block No. 6, Line 1, "Quantity Per Assembly." In this block the Contractor inserts a figure indicating the total number of times the line item is used in the assembly of which it is a part.

(7) Block No. 7, Line 1, "Quantity Per Component." In this block the Contractor inserts a figure indicating the total number of times the line item is used in the component of which it is a part.

(8) Block No. 8, Line 1, "Quantity Per End Item/Article." In this block the Contractor inserts a figure indicating the total number of times the line item is used in the complete equipment or end item/article.

(9) Block No. 17, Line 2, "Manufacturer Part No." The part, drawing or catalog number of the actual manufacturer who supplied the part is inserted in this block. (Vendor standard "Off the Shelf" item only).

(10) Block No. 18, Line 2, "Recommended Maintenance Quantity/Factor." The Contractor will insert in this block a quantity applicable to maintenance of the item.

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(11) Block No. 19, Line 2, "Recommended Overhaul Quantity/Factor." The Contractor will insert in this block a quantity applicable to overhaul of this item.

(12) Block No. 20, Line 2, "Usable on Code." The Contractor will indicate the specific usability of an item by serial, type, model, or number of articles by assigning this code.

(13) Block No. 21, Line 2, "Optional." This space is for optional use. For example, this block might be used for inter-changeability and replaceability codes, cross referencing information, etc.

(14) Block No. 22, Line 2, "Spares Allocations." This block is to be used for spares allocation purposes. Examples of spares allocation items are as follows:

Test Site Spares

Depot Spares

Maintenance Spares Recommend/Released (Field)

Overhaul Spares Recommend/Released (Plant)

Equipment Spares

Allowance or Table Quantity

NOTE: In addition to the above this block may reflect unit of issue or unit pack since these elements are important factors in determining spares allocations.

2. Flyaway Kits:

Not applicable

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CODES

1. SOURCE CODES:

P	-	PROCURABLE ITEM - SIMPLE TO MANUFACTURE-KNOW OR ANTICIPATED USAGE
P1	-	PROCURABLE ITEM - DIFFICULT TO MANUFACTURE-KNOW OR ANTICIPATED USAGE
P2	-	PROCURABLE ITEM - DIFFICULT TO MANUFACTURE-LITTE USAGE ANTICIPATED
P3	-	PROCURABLE ITEM - DETAIL ITEM OR COMPONENT PART DETERIORATIVE IN NATURE-KNOWN OR ANTICIPATED USAGE
P4	-	PROCURABLE ITEM FOR INITIAL OUTFITTING OR SPECIFIC CONTROL-REPLACE BY SALVAGE OR MANUFACTURE
MF	-	LOCAL MANUFACTURE BY FIELD MAINTENANCE ACTIVITIES
MO	-	LOCAL MANUFACTURE BY OVERHAUL ACTIVITIES
AF	-	NON-PROCURABLE ITEM TO BE ASSEMBLED FROM COMPONENTS IN CLASS "C" TO "F" MAINTENANCE ACTIVITY
AO	-	NON-PROCURABLE ITEM TO BE ASSEMBLED FROM COMPONENTS BY FACTORY
N	-	PURCHASE ON DEMAND - NOT STOCKED IN SUPPLY SYSTEM-READILY AVAILABLE FROM COMMERCIAL SOURCE
X	-	UNECONOMICAL TO REPAIR - MAIN STRUCTURAL MEMBER-REPAIR OR RETIRE FROM SERVICE
X1	-	PROCURE NEXT LARGER ASSEMBLY CODED IN THE P SERIES
X2	-	OBTAIN THROUGH SALVAGE OR ONE (1) TIME PURCHASE
U	-	APPLIES TO INFORMATION DRAWINGS - NOT OF SUPPLY OR MAINTENANCE STOCKING SIGNIFICANCE

2. MAINTENANCE CODES:

O	-	FIELD
F	-	FACTORY

3. RECOVERABILITY CODES:

X	-	EXPEND OR REPAIR AT FIELD LEVEL
R	-	RETURN FOR REPAIR AT FACTORY OVERHAUL

4. PARTS KITS - SOURCE CODE:

C KIT	-	CURE-DATED COMPONENTS (DETERIORATION)
D KIT	-	OVERHAUL KIT
F KIT	-	FIELD KIT
KC	-	COMPONENT OF C-KIT
KD	-	COMPONENT OF D-KIT
KF	-	COMPONENT OF F-KIT
KFD	-	COMPONENT OF BOTH F AND D-KIT, STOCK SEPARATELY IN

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UNIT NOMENCLATURE

PROVISIONING PARTS

ITEM OR SEQUENCE NO. 1	IN-DENT 2	REFERENCE SYMBOL NUMBER 3	ITEM NAME 4	PRIME CO
SMR CODE 13		FEDERAL STOCK NUMBER 14	ITEM AND LOT NO. 15	FEDERAL MFR. CODE 16	MANUFA

CONTRACTOR WILL INSERT APPLICA

PROVISIONING PARTS BREAKDOWN 1, 2, 3(as r

18, 19, 20(a

CONTRACT NUMBER

NOMENCLATU

CONTRACTOR

DATE OF LIST

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KDOWN

PROVISIONING LIST

ART NUMBER, LONG PART NO. CODE	QTY. PER ASSY. 6	QTY. PER UOM 7	QTY. PER END ITEM 8	SHELF LIFE 9	TOTAL RECM'D ORDERED 10	UNIT PRICE 11 DOLLARS	UNIT PRICE 11 CENT	EXTENDED UNIT PRICE 12 DOLLARS	EXTENDED UNIT PRICE 12 CENT	REMARKS
F NUMBER LONG PART NO. CODE	RECM. MAINT. QTY./FACTOR 18	RECM. OVHL QTY./FACTOR 19	USABLE ON CODE 20	OPTIONAL 21		SPARES ALLOCATIONS 22				

TA IN NUMBERED BLOCKS AS INDICATED BELOW

4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14(if available) 16, 17,

1)

MODEL/TYPE NO.

REVISION

PAGE OF

Pg. -23-

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PROVISIONING P

F.S.N.

PART

PLACE

SIGNATI

DATE OF SOURCE CODING

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RTS BREAKDOWN

O. PART NAME

F CONFERENCE

E OF CONFEREES

SUPPORTING REPAIR KITS FOR OVERHAUL

LIST NO.

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LIST OF EFF

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REMARKS	PAGE NO.	REV DATE	REMARKS

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EXHIBIT B

ENGINEERING CHANGE PROCEDURES

1. PURPOSE:

The purpose of this procedure is to provide a uniform method for proposing and recording engineering effort and changes to aircraft and equipment associated thereto. This procedure is established to provide the CCO with the necessary information to evaluate and make decisions regarding changes proposed or under consideration for adoption, and to effect necessary coordination with all interested agencies.

2. SCOPE:

This procedure covers Engineering Studies and Change Proposals affecting aircraft, aircraft equipment, support equipment and associated materiel.

3. DEFINITIONS:

a. Engineering Study

The term "Engineering Study" as used herein is any proposal to accomplish design or development effort for the purpose of arriving at a major modification; developing new equipment; prototyping fixes for service-revealed deficiencies, etc., but not including routine engineering of an in-plant, material substitution or product improvement nature.

b. Change Proposal

The term "Change Proposal" as used herein refers to any proposal to accomplish a change to an article. The Change Proposal will result in a Service Bulletin which serves as a record of the change and prescribes the method of accomplishing the change.

c. Service Bulletin

The term "Service Bulletin" as used herein refers to a publication released by the contractor which outlines the exact method of accomplishing a change to an article step-by-step including any requirement for parts and the disposition of removed parts. The Service Bulletin is normally but not necessarily the result of a Change Proposal. Service Bulletin procedures are covered in Exhibit "C" attached hereto and made a part of this Work Statement.

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4. INITIATION OF PROPOSALS

a. The Engineering Study shall be initiated by the contractor, in proposal form, either on his own initiative or at the request of the SPO. This proposal will be used by the contractor to submit information such as estimated duration of effort, informal estimate of cost and other information that will materially assist the approving agency in making decisions regarding the proposal. Approval of an Engineering Study will normally, but not necessarily lead to development and submission of a Change Proposal. This does not mean that a Change Proposal will always be proceeded by an Engineering Study.

b. The Change Proposal shall be initiated by the contractor either on his own initiative or at the request of the SPO. This proposal will be used by the contractor to submit his recommended fix to a known deficiency. It will include such factors as materials involved, estimate of cost, method of accomplishing the change and any other information considered useful to the approving agency in evaluating the desirability of such change and to effect the necessary coordination prior to approval.

c. Both Engineering Studies and Change Proposals will be forwarded direct to the SPO. At the time a proposal is requested by the buying agency, the contractor will be advised in the fullest possible detail of the desired extent and type of proposal.

d. Emergency cases requiring immediate action may be reported by wire or telephone, within security limits, direct to the SPO. Emergency cases so submitted shall be confirmed by submitting a proposal clearly identified as confirming emergency action previously taken.

e. The prime contractor shall submit proposals on equipment fabricated or subcontracted by him. The method of obtaining information and approving proposals on subject equipment shall be as the prime contractor resolves with his subcontractors.

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5. APPROVAL OF PROPOSALS

Approval of a proposal and end item effectivity will be made by the SPO, individually by written authorization subsequent to proper coordination. Approval may be given verbally but will always be confirmed in writing. Approval of a proposal will be the contractor's authority to obtain spares requirements from the depot and to procure and/or fabricate against the requirement. This action will be immediately confirmed by the issuance of a purchase request from the Project Support Office against the applicable contract or confirmed by a communication from the Contracting Officer. Two copies of the proposal will be submitted to the SPO and one copy to the SBAMA Project Support Office (SBRS). Subsystem proposals will be submitted simultaneously to the SPO and ADP and SBAMA Project Support Office. Proposals will be prepared on a locally reproduced form containing the following information in the order outlined. (See page 31).

a. Firm name and address.

b. Title will be either Engineering Study or Change Proposal.

c. Proposal Number - Each type of proposal will be numbered serially and identified with a contractor prefix. The number will serve to identify the proposal with the contractor, the type of proposal and the particular proposal. (For example: Engineering Study - EMR #2 or Change Proposal - EMR #23). Revisions to a previously submitted proposal will have the same number as the original proposal followed by a dash number. (For example: Change Proposal EMR #16-1).

d. The date submitted will be provided.

e. The name of the major component shall be supplied for large complex end items such as aircraft or the name of the complete article for smaller components such as radios, instruments, etc. The model or type designation, Preferably government assigned if available, will be shown.

f. Lowest Component - Furnish the most complete practical description of the lowest component affected by the change.

g. Nature of Proposal - This is one of the most important parts of the proposal. Give a full description of what the proposal entails, what equipment is involved, and what facilities are required. Any flight test requirement must be reflected. This is not to be construed as requiring details such as "change AN 3 bolts to AN 4 bolts",

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but sufficient information will be furnished to permit the approving agency to fully evaluate the scope of the proposal.

h. Reason for Proposal - This is again an extremely important part of the proposal. Here will be reflected the reason the proposal is being submitted, what the proposal will accomplish, and what the effect will be if the proposal is not adopted. If the proposal is based on unsatisfactory reports or field service reports, that fact will be stated. When the proposal is the result of SPO request, that fact will be stated identifying the letter, telegram, or other instrument.

i. Estimated Cost and Time Involved - An estimate of the cost and time to complete the scope of work of the proposal will be included. This estimate is for planning purposes and will not be binding upon the contractor.

j. Estimated Cost for Kits or Parts - On Change Proposals involving a kit, the estimated cost of the kit will be included if available. The proposal will not be delayed to develop this cost. Furthermore, these cost estimates are for planning and will not be binding upon the contractor.

k. Items Affected - The contractor will list at least the following items and indicate those affected, if any.

(1) Production Effectivity and/or Retrofit Required.

(2) Safety.

(3) Mission Effectiveness.

(4) Performance.

(5) Operating Procedure.

(6) Weight or Weight and Balance.

(7) Maintenance Procedures.

(8) Interchangeability.

(9) Service Life.

(10) Tools and Support Equipment.

(11) Data.

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(a) Pilots Handbook.

(b) Maintenance Handbook.

(c) Overhaul Handbook.

(d) Parts Catalog.

l. Man-hours to Accomplish - The contractor will indicate the man-hours to accomplish a Change Proposal and the recommended level of accomplishment of field or depot/ overhaul.

m. Source of Parts - The recommended source of parts for kits will be shown as contractor, vendor, or Air Force furnished.

n. Kit Availability - The approximate date kits will be available will be given.

o. Spare Parts Affected - All spare parts which will be affected by the proposal must be listed together with the recommended disposition.

7. MINIMUM REQUIREMENTS

Engineering Studies will contain the first nine listed items (a. thru i.) of information as a minimum. Change Proposals will contain the first eleven listed items (a. thru k.) as a minimum. All remaining information listed must be furnished before Change Proposals are incorporated as Service Bulletins.

8. ASSIGNMENT OF PRIORITY

Contractor will recommend the priority of effort to be assigned to a Change Proposal at the time of submission. The approving authority will assign the level of priority at the time of approval. Priorities will be defined as follows:

a. Emergency - Effort to preclude aircraft grounding or to lift an aircraft grounding or restriction seriously affecting combat readiness or mission accomplishment.

b. Urgent - Improve mission accomplishment or effectiveness and/or to correct situations bordering on safety of flight.

c. Routine - Corrective type items.

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EMR CONTRACTOR	ENGINEERING STUDY ☐ CHANGE PROPOSAL ☐	EMR #
DATE	AFFECTS:	

NAME OF MAJOR COMPONENT	PART OR LOWEST SUBASSEMBLY	PART NO. MODEL OR TYPE

TITLE OF PROPOSAL:

NATURE OF PROPOSAL:

REASON FOR PROPOSAL:

ES	ESTIMATED COST AND TIME INVOLVED: ADDITIONAL FUNDING REQUIRED:
CP	ESTIMATED COST FOR KITS OR PARTS: ADDITIONAL FUNDING REQUIRED:

ITEMS AFFECTED BY PROPOSAL:

SAFETY	MISSION EFFECT.	PERF.	OPER. PROCED.	INTER-CHBLTY.	WT. OR WT. &BAL.	TOOLS & SUP. EQ.	MAINT. PROCED.	SERVICE LIFE	FLIGHT MANUAL	MAINT. MANUAL
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

EST. MAN/HRS. REQ'D. TO ACCOMPLISH CHANGE IN FIELD

SOURCE OF PARTS FOR KIT	AVAILABILITY _____ WEEKS AFTER APPROVAL

DISPOSITION OF SPARES AFFECTED:

INITIATED BY:	APPROVED BY:

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EXHIBIT "C"

SERVICE BULLETIN PROCEDURES

DEFINITION:

Service Bulletins are the official documents which provide service instructions concerning changes which affect the test, operation and maintenance of aircraft and equipment, including spare and support items. Instructions may pertain to testing, installation, modification, servicing, overhaul, repair, inspection, and identification of the aircraft and associated equipment.

REQUIREMENTS:

Format - The following information is the minimum to be included on the first page of all Service Bulletins. More may be added at the discretion of the supplier. Note Page 35 format.

1. Service Bulletin Number - This is to be a two part number consisting of a two letter identifier which will identify the issuer and a serial number which will follow in sequence bulletins previously proposed or issued.

2. Data Block - This is a block which will contain as a minimum the page number and total number of pages, the date of release, the letter identification and date of release of all revisions to the bulletin.

3. Title - The title should be a short phrase, which may or may not be descriptive, but which identifies in an unclassified manner the change described in the bulletin.

4. Purpose - This will be a statement defining the reason the change is required and what the modification is supposed to do. Normally this statement should not exceed 50 words.

5. Application - This will identify the specific end item to which the bulletin applies. If the end item is serial number controlled, then the bulletin should list the serial numbers of those units to be modified. This is necessary for configuration control purposes.

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6. When To Be Done - This must be one of the following statements as appropriate:

   a. Prior to Next Flight (Operation) - Use this statement only if the change is mandatory to prevent loss of life or probable destruction of equipment.

   b. Within Ten Days After Receipt of Kits - Use this statement only if the change is necessary to prevent injury to personnel or serious damage to the equipment.

   c. At First Periodic Maintenance Cycle After Receipt of Kits - Use this statement for those changes which are installed to correct a non-disabling deficiency or improve effectiveness or reliability and which are within the field capability to perform.

   d. At Next PARC (Overhaul) - Use this statement for those changes which are dictated due to part obsolescence, change in plant procedures or other problem associated with the PARC/overhaul function. Also use this statement for those improvement changes which are beyond the field capability to install and check out.

7. Estimated Manhours to Complete - Insert the number of direct manhours required to install the change after the necessary preparation, such as panel removal, has been done.

8. Kits - For small kits of a few parts, the part numbers with recoverability and replacement code and quantities of each per kit will be listed. For large kits, identify the kit if more than one type required and list the part numbers and quantities on a separate page. Include in the kit list those drawings which are affected by the change.

9. Approximate Availability of Kits at Project Support Office - Enter the estimated date shipment of kits to the Project Support Office will commence. Allow for concurrent delivery of some supply spares, approximately one-third of the replaceable parts shipped should be spares support.

10. Weight or Weight and Balance Change (as appropriate) - Enter the weight or weight and balance change, as appropriate. If the total change is so small as to be negligible, so state this fact.

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11. Spares - If spares in stock are affected by the change, i.e., must be modified to be usable or are obsolete, indicate the part numbers so affected, the required action, and the replacing part number if applicable.

12. Special Tools - If special tools are required to install, service or maintain the equipment after the modification, list them here.

13. Description of Change - This is the section that tells the installer how to do the modification in detail. Sufficient instructions should be included so that a trained mechanic with some knowledge of the equipment being modified can make the change without extensive reference to other sources of information.

14. Authority for Issue - It is mandatory that this line contain one or more of the following statements:

    a. SPO message (number only) or SPO letter (dated) or verbal authorization from (initials and date).

    b. Approved ECP number.

The above described minimum requirements are reflected on an attached suggested format which may or may not be followed. However, it is our intention that this information be reflected on the first page of any format adopted. Additional pages are to be used as necessary to complete information when size does not permit on first page.

DISTRIBUTION:

Distribution of Service Bulletin will be in two phases. The first phase will consist of an advanced or draft copy direct to the SPO plus concurrently ten draft copies to the PSO for further distribution. After approval, the second phase will consist of distribution of official copies in each kit plus the necessary file copies required for record purposes. Distribution will be made by the contractor initiating the Service Bulletin.

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SERVICE BULLETIN NO.	PAGE ___ OF ___ DATE _____ REV - DATE _____
TITLE	

PURPOSE

APPLICATION

WHEN TO BE DONE	EST MANHOURS TO COMPLETE

KIT

WEIGHT AND BALANCE CHANGE

SPARES

SPECIAL TOOLS

DESCRIPTION OF CHANGE

AUTHORITY FOR ISSUE

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EXHIBIT D

INSTRUCTIONS FOR AGE REQUIREMENTS LIST

To prepare the attached equipment form, the following will be used: (all blocks must be filled)

a.	Basic Date:	Approval date of initial item.
b.	Latest Revision:	Date of latest revision.
c.	Stock Number:	Assigned Federal Stock No. or Part No.
d.	Nomenclature:	Enter sufficient information.
e.	Manufacturer Drawing:	Enter if applicable.
f.	Cost:	Self explanatory.
g.	Source of Supply:	CFE/GFE or other.
h.	Production Lead Time:	Self explanatory.
i.	Date Required:	Self explanatory.
j.	Location:	Enter amount by contract for each location.
k.	Problem Area:	List area and/or intended use of this item.
l.	Remarks:	Additional information when required.
m.	Superceded by:	When replaced by new item number, list it.
n.	Item Number:	Number assigned the item. One per page.

NOTE: All information above is mandatory except that descriptive data shall be required only to the extent necessary to support AGE provisioning activity. The descriptions are not intended in the context of a specification or handbook.

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AGE REQUIREMENTS LIST

Basic Date _____ Latest Revision _____

Stock Number / Part Number	Nomenclature	Drawing Number	Cost	Source of Supply	Production Lead Time	Date Required

Additional Nomenclature if Required:

Problem Area:

Remarks:

Superceded By _____

LOCATION	CONTRACT	CONTRACT	CONTRACT	CONTRACT	TOTAL PROCUREMENT
Mfg. Fac					
Test Site					
1					
2					
3					
4					
5					
6					
7					
8					
GRAND TOTAL:					

SECRET

SECRET

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ITEM NUMBER: _____

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ADDENDUM "B"

GOVERNMENT FURNISHED PROPERTY

TEST EQUIPMENT - COMMERCIAL TYPE

The Government will supply the Contractor with Test Equipment (Commercial Type) subject to the following:

1. Notwithstanding the Government's obligation to supply such equipment, the Contractor will be required to make formal application for all property in accordance with the document "DEPOT/CONTRACTOR PROCEDURES" incorporated herein by reference.

2. In those instances where the Government cannot provide the specifically requested equipment(s),

   (a) Substitute equipment will be supplied where it can be established and mutually agreed by the Depot and Contractor that the substitute item will provide equivalent performance, or

   (b) In those instances where neither the requested equipment nor an acceptable subetitute are available from the Government, the Contractor will, upon direction from the SPO, submit to the Contracting Officer a request for authorization to acquire said equipment(s) on an open procurement basis as an allowable item of cost under contract. Only at such time as Contracting Officer approval has been granted may the equipment(s) be categorized as an allowable cost item.

The following equipment(s) will be provided by the Government pursuant to the procedures set forth above:

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Qty.	Description
3	Oscilloscope, Tek 545A
1	Oscilloscope, Tek 543A
1	Oscilloscope, Tek 515A
5	Plug-In Head, Tek Type CA
2	Plug-In Head, Tek Type M
10	Oscilloscope Probe, Tek P6027
3	Scope Cart, Tek Type 500/53A
1	Scope Cart, Tek Type 202-1
1	Pulse Generator SQ Output, CASL Model PSI-1
1	Oscillator, hp 650A
2	VTVM, RCA WV98A
3	Multimeter, Triplett 630

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GENERAL PROVISIONS

COST-REIMBURSEMENT RESEARCH AND DEVELOPMENT CONTRACT (With Fixed Fee)

1. DEFINITIONS (Feb. 1962)

As used throughout this contract, the following terms shall have the meanings set forth below:

(a) The term "head of the agency" or "Secretary" means the Secretary, the Under Secretary, any Assistant Secretary, or any other head or assistant head of the executive or military department or other Federal agency; and the term "his duly authorized representative" means any person or persons or board (other than the Contracting Officer) authorized to act for the head of the agency or the Secretary.

(b) The term "Contracting Officer" means the person executing this contract on behalf of the Government, and any other officer or civilian employee who is a properly designated Contracting Officer; and the term includes, except as otherwise provided in this contract, the authorized representative of a Contracting Officer acting within the limits of his authority.

(c) Except as otherwise provided in this contract, the term "subcontracts" includes purchase orders under this contract.

(d) The term "contract work" means all work to be performed under this contract including without limitation any studies covering fundamental, theoretical, or experimental investigations; any extension of the investigative findings and theories of a scientific or technical nature into practical application; any tangible items, hereinafter referred to as "supplies," furnished to the Government; and any reports, data, computations, plans, drawings, and specifications with respect to any of the foregoing. (Oct. 1957)

2. LIMITATION OF COST (Feb. 1959)

(a) It is estimated that the total cost to the Government, exclusive of any fixed fee, for the performance of this contract will not exceed the estimated cost set forth in the Schedule, and the Contractor agrees to use his best efforts to perform the work specified in the Schedule, and all obligations under this contract within such estimated cost. If at any time the Contractor has reason to believe that the costs which he expects to incur in the performance of this contract in the next succeeding sixty (60) days, when added to all costs previously incurred, will exceed seventy-five per cent (75%) of the estimated cost then set forth in the Schedule, or if at any time, the Contractor has reason to believe that the total cost to the Government, exclusive of any fixed fee, for the performance of this contract will be substantially greater or less than the then estimated cost thereof, the Contractor shall notify the Contracting Officer in writing to that effect, giving the revised estimate of such total cost for the performance of this contract.

(b) The Government shall not be obligated to reimburse the Contractor for costs incurred in excess of the estimated cost set forth in the Schedule, and the Contractor shall not be obligated to continue performance under the contract or to incur costs in excess of the estimated cost set forth in the Schedule, unless and until the Contracting Officer shall have notified the Contractor in writing that such estimated cost has been increased and shall have specified in such notice a revised estimated cost which shall thereupon constitute the estimated cost of performance of this contract. When and to the extent that the estimated cost set forth in the Schedule has been increased, any costs incurred by the Contractor in excess of such estimated cost prior to the increase in estimated cost shall be allowable to the same extent as if such costs had been incurred after such increase in estimated cost.

3. ALLOWABLE COST, FIXED FEE, AND PAYMENT (Sept. 1962)

(a) For the performance of this contract, the Government shall pay to the Contractor:

(i) the cost thereof (hereinafter referred to as "allowable cost") determined by the Contracting Officer to be allowable in accordance with—

(A) Part 2 of Section XV of the Armed Services Procurement Regulation as in effect on the date of this contract; and

(B) the terms of this contract; and

(ii) such fixed fee, if any, as may be provided for in the Schedule.

(b) Once each month (or at more frequent intervals, if approved by the Contracting Officer) the Contractor may submit to an authorized representative of the Contracting Officer, in such form and reasonable detail as such representative may require, an invoice or public voucher supported by a statement of cost incurred by the Contractor in the performance of this contract and claimed to constitute allowable cost.

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(c) Promptly after receipt of each invoice or voucher the Government shall, subject to the provisions of (d) below, make payment thereon as approved by the Contracting Officer. Payment of the fixed fee, if any, shall be made to the Contractor as specified in the Schedule; **Provided**, however, that after payment of eighty-five per cent (85%) of the fixed fee set forth in the Schedule, further payment on account of the fixed fee shall be withheld until a reserve of either fifteen per cent (15%) of the total fixed fee, or one hundred thousand dollars ($100,000), whichever is less, shall have been set aside.

(d) At any time or times prior to final payment under this contract the Contracting Officer may have the invoices or vouchers and statements of cost audited. Each payment theretofore made shall be subject to reduction for amounts included in the related invoice or voucher which are found by the Contracting Officer, on the basis of such audit, not to constitute allowable cost. Any payment may be reduced for overpayments, or increased for underpayments, on preceding invoices or vouchers.

(e) On receipt and approval of the invoice or voucher designated by the Contractor as the "completion invoice" or "completion voucher" and upon compliance by the Contractor with all the provisions of this contract (including, without limitation, the provisions relating to patents and the provisions of (f) below), the Government shall promptly pay to the Contractor any balance of allowable cost, and any part of the fixed fee which has been withheld pursuant to (c) above or otherwise not paid to the Contractor. The completion invoice or voucher shall be submitted by the Contractor promptly following completion of the work under this contract but in no event later than one (1) year (or such longer period as the Contracting Officer may in his discretion approve in writing) from the date of such completion.

(f) The Contractor agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Contractor or any assignee under this contract shall be paid by the Contractor to the Government, to the extent that they are properly allocable to costs for which the Contractor has been reimbursed by the Government under this contract. Reasonable expenses incurred by the Contractor for the purpose of securing such refunds, rebates, credits, or other amounts shall be allowable costs hereunder when approved by the Contracting Officer. Prior to final payment under this contract, the Contractor and each assignee under this contract whose assignment is in effect at the time of final payment under this contract shall execute and deliver—

(i) an assignment to the Government, in form and substance satisfactory to the Contracting Officer, of refunds, rebates, credits, or other amounts (including any interest thereon) properly allocable to costs for which the Contractor has been reimbursed by the Government under this contract; and

(ii) a release discharging the Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this contract, subject only to the following exceptions—

(A) specified claims in stated amounts or in estimated amounts where the amounts are not susceptible of exact statement by the Contractor;

(B) claims, together with reasonable expenses incidental thereto, based upon liabilities of the Contractor to third parties arising out of the performance of this contract; **provided**, that such claims are not known to the Contractor on the date of the execution of the release; **provided further**, that the Contractor gives notice of such claims in writing to the Contracting Officer not more than six (6) years after the date of the release or the date of any notice to the Contractor that the Government is prepared to make final payment, whichever is earlier; and

(C) claims for reimbursement of costs (other than expenses of the Contractor by reason of any indemnification of the Government against patent liability), including reasonable expenses incidental thereto, incurred by the Contractor under the provisions of this contract relating to patents.

(g) Any cost incurred by the Contractor under the terms of this contract which would constitute allowable cost under the provisions of this clause shall be included in determining the amount payable under this contract, notwithstanding any provisions contained in the specifications or other documents incorporated in this contract by reference, designating services to be performed or materials to be furnished by the Contractor at his expense or without cost to the Government.

4. STANDARDS OF WORK (Feb. 1959)

The Contractor agrees that the performance of work and services, pursuant to the requirements of this contract, shall conform to high professional standards.

5. INSPECTION AND CORRECTION OF DEFECTS (May 1960)

(a) All work under this contract shall be subject to inspection and test by the Government (to the extent practicable) at all times (including the period of performance) and places, and in any event prior to acceptance. The Contractor shall provide and maintain an inspection system acceptable to the Government covering the work hereunder. The Government, through any authorized representative, may inspect the plant or plants of the Contractor or of any of his subcontractors engaged in the performance of this contract. If any inspection or test is made by the Government on the premises of the Contractor or a subcontrac-

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tor, the Contractor shall provide and shall require subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the Government inspectors in the performance of their duties. All inspections and tests by the Government shall be performed in such a manner as will not unduly delay the work. Except as otherwise provided in this contract, final inspection, and acceptance shall be made at the place of delivery as promptly as practicable after delivery and shall be deemed to have been made no later than ninety (90) days after the date of such delivery, if acceptance has not been made earlier within such period.

(b) At any time during performance of this contract, but not later than six (6) months (or such other time as may be provided in the Schedule) after acceptance of all of the end items (other than designs, drawings, or reports) to be delivered under this contract, the Government may require the Contractor to remedy by correction or replacement, as directed by the Contracting Officer, any failure by the Contractor to comply with the requirements of this contract. Any time devoted to such correction or replacement shall not be included in the computation of the period of time specified in the preceding sentence, except as provided in (d) below. Except as otherwise provided in paragraph (c) below, the allowability of the cost of any such replacement or correction shall be determined as provided in the clause of this contract entitled "Allowable Cost, Fixed Fee, and Payment," but no additional fee shall be payable with respect thereto. Corrected articles shall not be tendered again for acceptance unless the former tender and the requirement of correction is disclosed. If the Contractor fails to proceed with reasonable promptness to perform such replacement or correction, the Government (i) may by contract or otherwise perform such replacemnt or correction and charge to the Contractor any increased cost occasioned the Government thereby, or may reduce any fixed fee payable under this contract (or require repayment of any fixed fee theretofore paid) in such amount as may be equitable under the circumstances, or (ii) in the case of articles not delivered, may require the delivery of such articles, and shall have the right to reduce any fixed fee payable under this contract (or to require repayment of any fixed fee theretofore paid) in such amount as may be equitable under the circumstances, or (iii) may terminate this contract for default. Failure to agree to the amount of any such increased cost to be charged to the Contractor or to such reduction in, or repayment of, the fixed fee shall be deemed to be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes."

(c) Notwithstanding the provisions of paragraph (b) above, the Government may at any time require the Contractor to remedy by correction or replacement, without cost to the Government, any failure by the Contractor to comply with the requirements of this contract, if such failure is due to fraud, lack of good faith or willful misconduct on the part of any of the Contractor's directors or officers, or on the part of any of his managers, superintendents, or other equivalent representatives, who has supervision or direction of (i) all or substantially all of the Contractor's business, or (ii) all or substantially all of the Contractor's operations at any one plant or separate location in which this contract is being performed, or (iii) a separate and complete major industrial operation in connection with the performance of this contract. The Government may at any time also require the Contractor to remedy by correction or replacement, without cost to the Government, any such failure caused by one or more individual employees selected or retained by the Contractor after any such supervisory personnel has reasonable grounds to believe that any such employee is habitually careless or otherwise unqualified.

(d) The provisions of paragraph (b) above shall apply to any corrected or replacement end item or component until six months after its acceptance.

(e) The Contractor shall make his records of all inspection work available to the Government during the performance of this contract and for such longer period as may be specified in this contract.

(f) Except as provided in this clause and as may be provided in the Schedule, the Contractor shall have no obligation or liability to correct or replace articles which at the time of delivery are defective in material or workmanship or otherwise not in conformity with the requirements of this contract.

(g) Except as otherwise provided in the Schedule, the Contractor's obligation to correct or replace Government-furnished Property (which is property in the possession of or acquired directly by the Government and delivered or otherwise made available to the Contractor) shall be governed by the provisions of the clause of this contract entitled "Government Property."

6. ASSIGNMENT OF CLAIMS (Feb. 1962)

(a) Pursuant to the provisions of the Assignment of Claims Act of 1940, as amended (31 U.S.C. 203, 41 U.S.C. 15), if this contract provides for payments aggregating $1,000 or more, claims for monies due or to become due the Contractor from the Government under this contract may be assigned to a bank, trust company, or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract and not already paid, and shall not be made to more than one party, except that any such assignment or reassignment may be made to one party as agent or trustee for two or more par-

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ties participating in such financing. Unless otherwise provided in this contract, payments to an assignee of any monies due or to become due under this contract shall not, to the extent provided in said Act, as amended, be subject to reduction or set-off.

(b) In no event shall copies of this contract or of any plans, specifications, or other similar documents relating to work under this contract, if marked "Top Secret," "Secret," or "Confidential," be furnished to any assignee of any claim arising under this contract or to any other person not entitled to receive the same. However, a copy of any part or all of this contract so marked may be furnished, or any information contained therein may be disclosed, to such assignee upon the prior written authorization of the Contracting Officer.

7. EXAMINATION OF RECORDS (Nov. 1962)

(a) (1) The Contractor agrees to maintain books, records, documents, and other evidence pertaining to the costs and expenses of this contract (hereinafter collectively called the "records") to the extent and in such detail as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies and services, and other costs and expenses of whatever nature for which reimbursement is claimed under the provisions of this contract.

(2) The Contractor agrees to make available at the office of the Contractor at all reasonable times during the period set forth in subparagraph (4) below any of the records for inspection, audit or reproduction by any authorized representative of the Department or of the Comptroller General.

(3) In the event the Comptroller General or any of his duly authorized representatives determines that his audit of the amounts reimbursed under this contract as transportation charges will be made at a place other than the office of the Contractor, the Contractor agrees to deliver, with the reimbursement voucher covering such charges or as may be otherwise specified within two years after reimbursement of charges covered by any such voucher, to such representative as may be designated for that purpose through the Contracting Officer such documentary evidence in support of transportation costs as may be required by the Comptroller General or any of his duly authorized representatives.

(4) Except for documentary evidence delivered to the Government pursuant to subparagraph (3) above, the Contractor shall preserve and make available his records (i) for a period of three years from the date of final payment under this contract, and (ii) for such longer period, if any, as is required by applicable statute, by any other clause of this contract, or by (A) or (B) below.

(A) If this contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any final settlement.

(B) Records which relate to (i) appeals under the Disputes clause of this contract, (ii) litigation or the settlement of claims arising out of the performance of this contract, or (iii) cost and expenses of this contract as to which exception has been taken by the Comptroller General or any of his duly authorized representatives, shall be retained by the Contractor until such appeals, litigation, claims, or exceptions have been disposed of.

(5) Except for documentary evidence delivered pursuant to subparagraph (3) above, and the records described in subparagraph (4)(B) above, the Contractor may in fulfillment of his obligation to retain his records as required by this clause substitute photographs, microphotographs, or other authentic reproductions of such records, after the expiration of two years following the last day of the month of reimbursement to the Contractor of the invoice or voucher to which such records relate, unless a shorter period is authorized by the Contracting Officer with the concurrence of the Comptroller General or his duly authorized representative.

(6) The provisions of this paragraph (a), including this subparagraph (6), shall be applicable to and included in each subcontract hereunder which is on a cost, cost-plus-a-fixed-fee, time-and-material or labor-hour basis.

(b) The Contractor further agrees to include in each of his subcontracts hereunder, other than those set forth in subparagraph (a)(6) above, a provision to the effect that the subcontractor agrees that the Comptroller General or the Department, or any of their duly authorized representatives, shall, until the expiration of three (3) years after final payment under the subcontract, have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor, involving transactions related to the subcontract. The term "subcontract," as used in this paragraph (b) only, excludes (i) purchase orders not exceeding $2,500 and (ii) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

8. SUBCONTRACTS (Nov. 1962)

(a) The Contractor shall give advance notification to the Contracting Officer of any proposed subcontract hereunder which (i) is on a cost, cost-plus-a-fee, time and material, or labor-hour basis, or (ii) is on a fixed-price basis exceeding in dollar amount either $25,000 or five per cent (5%) of the total estimated cost of this contract.

(b) In the case of a proposed subcontract which (i) is on a cost, cost-plus-a-fee, time and material, or labor-hour basis and which would involve an estimated amount in excess of $10,000, including

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any fee; or (ii) is proposed to exceed $100,000; or (iii) is one of a number of subcontracts under this contract with a single subcontractor for the same or related supplies or services which, in the aggregate are expected to exceed $100,000; the advance notification required by (a) above shall include:

(1) a description of the supplies or services to be called for by the subcontract;

(2) identification of the proposed subcontractor and an explanation of why and how the proposed subcontractor was selected, including the degree of competition obtained;

(3) the proposed subcontract price, together with the Contractor's cost of price analysis thereof, including curent, complete and correct cost or pricing data accompanied, except when the requirement is specifically waived by the Contracting Officer, by a certificate from the subcontractor to the effect that all cost or pricing data has been considered by the subcontractor in preparing his proposal and that such data is current, and has been provided the Contractor; and

(4) identification of the type of contract proposed to be used.

(c) The Contractor shall not, without the prior written consent of the Contracting Officer, place any subcontract which (i) is on a cost or cost-plus-a-fee basis, or (ii) is on a fixed-price basis exceeding in dollar amount either $25,000 or five per cent (5%) of the total estimated cost of this contract, or (iii) provides for the fabrication, purchase, rental, installation, or other acquisition, of any item of industrial facilities, or of special tooling having a value in excess of $1,000, or (iv) is on a time and material or labor-hour basis, or (v) has experimental, developmental, or research work as one of its purposes. The Contracting Officer may, in his discretion, ratify in writing any such subcontract; such action shall constitute the consent of the Contracting Officer as required by this paragraph (c).

(d) The Contractor agrees that no subcontract placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis.

(e) The Contracting Officer may, in his discretion, specifically approve in writing any of the provisions of a subcontract. However, such approval or the consent of the Contracting Officer obtained as required by this clause shall not be construed to constitute a determination of the allowabiilty of any cost under this contract, unless such approval specifically provides that it constitutes a determination of the allowability of such cost.

(f) The Contractor shall give the Contracting Officer immediate notice in writing of any action or suit filed, and prompt notice of any claim made against the Contractor by any subcontractor or vendor which, in the opinion of the Contractor, may result in litigation, related in any way to this contract with respect to which the Contractor may be entitled to reimbursement from the Government.

(g) Notwithstandng (c) above the Contractor may enter into subcontracts within (ii), or, if the subcontract is for special tooling, within (iii), of (c) above, without the prior written consent of the Contracting Officer if the Contracting Officer has, in writing, approved the Contractor's purchasing system and the subcontract is within the limitations of such approval.

(h) The Contractor shall (i) insert in each price redetermination or incentive price revision subcontract hereunder the substance of the "Limitation on Payments" provision set forth in paragraph (f) of the clause prescribed by paragraph 7–108 of the Armed Services Procurement Regulation, including subparagraph (4) thereof, modified to omit mention of the Government and reflect the position of the Contractor as purchaser and of the subcontractor as vendor, and to omit that portion of subparagraph (3) thereof relating to tax credits, and (ii) include in each cost-reimbursement type subcontract hereunder a requirement that each price redetermination and incentive price revision subcontract thereunder will contain the substance of the "Limitation on Payments" provision, including subparagraph (4) thereof, modified as outlined in (i) above.

(i) To facilitate small business participation in subcontracting under this contract, the Contractor agrees to provide progress payments on the fixed-price types of subcontracts of those subcontractors which are small business concerns, in conformity with the standards for customary progress payments stated in paragraphs 503 and 514 of Appendix E of the Armed Services Procurement Regulation, as in effect on the date of this contract. The Contractor further agrees that the need for such progress payments will not be considered as a handicap or adverse factor in the award of subcontracts.

9. UTILIZATION OF SMALL BUSINESS CONCERNS (Jan. 1958)

(a) It is the policy of the Government as declared by the Congress that a fair proportion of the purchases and contracts for supplies and services for the Government be placed with small business concerns.

(b) The Contractor agrees to accomplish the maximum amount of subcontracting to small business concerns that the Contractor finds to be consistent with the efficient performance of this contract.

10. TERMINATION (Jul. 1962)

(a) The performance of work under the contract may be terminated by the Government in accordance with this clause in whole, or from time to time in part:

(i) whenever the Contractor shall default in performance of this contract in accordance with its terms (including in the term "default" any such

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failure by the Contractor to make progress in the prosecution of the work hereunder as endangers such performance), and shall fail to cure such default within a period of ten days (or such longer periods as the Contracting Officer may allow) after receipt from the Contracting Officer of a notice specifying the default; or

(ii) whenever for any reason the Contracting Officer shall determine that such termination is in the best interests of the Government.

Any such termination shall be effected by delivery to the Contractor of a Notice of Termination specifying whether termination is for the default of the Contractor or for the convenience of the Government, the extent to which performance of work under the contract is terminated, and the date upon which such termination becomes effective. If, after notice of termination of this contract for default under (i) above, it is determined for any reason that the Contractor was not in default pursuant to (i), or that the Contractor's failure to perform or to make progress in performance is due to causes beyond the control and without the fault or negligence of the Contractor pursuant to the provisions of the clause of this contract relating to excusable delays, the Notice of Termination shall be deemed to have been issued under (ii) above, and the rights and obligations of the parties hereto shall in such event be governed accordingly.

(b) After receipt of a Notice of Termination and except as otherwise directed by the Contracting Officer, the Contractor shall:

(i) stop work under the contract on the date and to the extent specified in the Notice of Termination;

(ii) place no further orders or subcontracts for materials, services, or facilities, except as may be necessary for completion of such portion of the work under the contract as is not terminated;

(iii) terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination;

(iv) assign to the Government, in the manner and to the extent directed by the Contracting Officer, all of the right, title, and interest of the Contractor under the orders or subcontracts so terminated, in which case the Government shall have the right, in its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;

(v) with the approval or ratification of the Contracting Officer, to the extent he may require, which approval or ratification shall be final and conclusive for all purposes of this clause, settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, the cost of which would be reimbursable in whole or in part, in accordance with the provisions of this contract;

(vi) transfer title (to the extent that title has not already been transferred) and, in the manner, to the extent, and at times directed by the Contracting Officer, deliver to the Government (A) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced as a part of, or acquired in respect of the performance of, the work terminated by the Notice of Termination, (B) the completed or partially completed plans, drawings, information, and other property which, if the contract had been completed, would be required to be furnished to the Government, and (C) the jigs, dies, and fixtures, and other special tools and tooling acquired or manufactured for the performance of this contract for the cost of which the Contractor has been or will be reimbursed under this contract;

(vii) use his best efforts to sell in the manner, at the times, to the extent, and at the price or prices directed or authorized by the Contracting Officer, any property of the types referred to in (vi) above; **provided**, however, that the Contractor (A) shall not be required to extend credit to any purchaser, and (B) may acquire any such property under the conditions prescribed by and at a price or prices approved by the Contracting Officer; and **provided further** that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by the Government to the Contractor under this contract or shall otherwise be credited to the price or cost of the work covered by this contract or paid in such other manner as the Contracting Officer may direct;

(viii) complete performance of such part of the work as shall not have been terminated by the Notice of Termination; and

(ix) take such action as may be necessary, or as the Contracting Officer may direct, for the protection and preservation of the property related to this contract which is in the possession of Contractor in which the Government has or may acquire an interest.

The Contractor shall proceed immediately with the performance of the above obligations notwithstanding any delay in determining or adjusting the amount of the fee, or any item of reimbursable cost, under this clause. At any time after expiration of the plant clearance period, as defined in Section VIII, Armed Services Procurement Regulation, as it may be amended from time to time, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of any or all items of termination inventory not previously disposed of, exclusive of items the disposition of which has been directed or authorized by the Contracting Officer, and may request the Government to remove such items or enter into a storage agreement covering them. Not later than fifteen (15) days thereafter, the Government will accept such items and remove them or enter into a storage

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agreement covering the same; **provided**, that the list submitted shall be subject to verification by the Contracting Officer upon removal of the items, or if the items are stored, within forty-five (45) days from the date of submission of the list, and any necessary adjustment to correct the list as submitted shall be made prior to final settlement.

(c) After receipt of a Notice of Termination, the Contractor shall submit to the Contracting Officer his termination claim in the form and with the certification prescribed by the Contracting Officer. Such claim shall be submitted promptly but in no event later than one year from the effective date of termination, unless one or more extensions in writing are granted by the Contracting Officer, upon request of the Contractor made in writing within such one year period or authorized extension thereof. However, if the Contracting Officer determines that the facts justify such action, he may receive and act upon any such termination claim at any time after such one year period or any extension thereof. Upon failure of the Contractor to submit his termination claim within the time allowed, the Contracting Officer may, subject to any Settlement Review Board approvals required by Section VIII of the Armed Services Procurement Regulation in effect as of the date of execution of this contract, determine, on the basis of information available to him, the amount, if any, due to the Contractor by reason of the termination and shall thereupon pay to the Contractor the amount so determined.

(d) Subject to the provisions of paragraph (c), and subject to any Settlement Review Board approvals required by Section VIII of the Armed Services Procurement Regulation in effect as of the date of execution of this contract, the Contractor and the Contracting Officer may agree upon the whole or any part of the amount or amounts to be paid (including an allowance for the fee) to the Contractor by reason of the total or partial termination of work pursuant to this clause. The contract shall be amended accordingly, and the Contractor shall be paid the agreed amount.

(e) In the event of the failure of the Contractor and the Contracting Officer to agree in whole or in part, as provided in paragraph (d), as to the amounts with respect to costs and fee, or as to the amount of the fee, to be paid to the Contractor in connection with the termination of work pursuant to this clause, the Contracting Officer shall, subject to any Settlement Review Board approvals required by Section VIII of the Armed Services Procurement Regulation in effect as of the date of execution of this contract, determine, on the basis of information available to him, the amount, if any, due to the Contractor by reason of the termination and shall pay to the Contractor the amount determined as follows:

(i) if the settlement includes cost and fee—

(A) there shall be included therein all costs and expenses reimbursable in accordance with this contract, not previously paid to the Contractor for the performance of this contract prior to the effective date of the Notice of Termination, and such of these costs as may continue for a reasonable time thereafter with the approval of or as directed by the Contracting Officer; **provided**, however, that the Contractor shall proceed as rapidly as practicable to discontinue such costs;

(B) there shall be included therein so far as not included under (A) above, the cost of settling and paying claims arising out of the termination of work under subcontracts or orders, as provided in paragraph (b) (v) above, which are properly chargeable to the terminated portion of the contract;

(C) there shall be included therein the reasonable costs of settlement, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the contract and for the termination and settlement of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of termination inventory; **provided**, however, that if the termination is for default of the Contractor there shall not be included any amounts for the preparation of the Contractor's settlement proposal; and

(D) there shall be included therein a portion of the fee payable under the contract determined as follows—

(I) in the event of the termination of this contract for the convenience of the Government and not for the default of the Contractor, there shall be paid a percentage of the fee equivalent to the percentage of the completion of work contemplated by the contract, less fee payments previously made hereunder; or

(II) in the event of termination of this contract for the default of the Contractor, the total fee payable shall be such proportionate part of the fee (or, if this contract calls for articles of different types, of such part of the fee as is reasonably allocable to the type of article under consideration) as the total number of articles delivered to and accepted by the Government bears to the total number of articles of a like kind called for by this contract;

if the amount determined under this subparagraph (i) is less than the total payment theretofore made to the Contractor, the Contractor shall repay to the Government the excess amount; or

(ii) if the settlement includes only the fee, the amount thereof will be determined in accordance with subparagraph (i) (D) above.

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(f) The Contractor shall have the right of appeal, under the clause of this contract entitled "Disputes," from any determination made by the Contracting Officer under paragraphs (c) or (e) above, except that if the Contractor has failed to submit his claim within the time provided in paragraph (c) above and has failed to request extension of such time, he shall have no such right of appeal. In any case where the Contracting Officer has made a determination of the amount due under paragraph (c) or (e) above, the Government shall pay to the Contractor the following: (i) if there is no right of appeal hereunder or if no timely appeal has been taken, the amount so determined by the Contracting Officer, or (ii) if an appeal has been taken, the amount finally determined on such appeal.

(g) In arriving at the amount due the Contractor under this clause there shall be deducted (i) all unliquidated advance or other payments theretofore made to the Contractor, applicable to the terminated portion of this contract, (ii) any claim which the Government may have against the Contractor in connection with this contract, and (iii) the agreed price for, or the proceeds of sale of, any materials, supplies, or other things acquired by the Contractor or sold pursuant to the provisions of this clause and not otherwise recovered by or credited to the Government.

(h) In the event of a partial termination, the portion of the fee which is payable with respect to the work under the continued portion of the contract shall be equitably adjusted by agreement between the Contractor and the Contracting Officer, and such adjustment shall be evidenced by an amendment to this contract.

(i) The Government may from time to time, under such terms and conditions as it may prescribe, make partial payments and payments on account against costs incurred by the Contractor in connection with the terminated portion of the contract whenever in the opinion of the Contracting Officer the aggregate of such payments shall be within the amount to which the Contractor will be entitled hereunder. If the total of such payments is in excess of the amount finally determined to be due under this clause, such excess shall be payable by the Contractor to the Government upon demand, together with interest computed at the rate of 6 percent per annum, for the period from the date such excess payment is received by the Contractor to the date on which such excess is repaid to the Government; **provided,** however, that no interest shall be charged with respect to any such excess payment attributable to a reduction in the Contractor's claim by reason of retention or other disposition of termination inventory until ten days after the date of such retention or disposition, or such later date as determined by the Contracting Officer by reason of the circumstances.

(j) The provisions of this clause relating to the fee shall be inapplicable if this contract does not provide for payment of a fee.

11. DISPUTES (Jan. 1958)

(a) Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Contracting Officer shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the Secretary. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of his appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

(b) This "Disputes" clause does not preclude consideration of law questions in connection with decisions provided for in paragraph (a) above; **provided,** that nothing in this contract shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

12. BUY AMERICAN ACT (Jul. 1960)

(a) In acquiring end products, the Buy American Act (41 U.S.C. 10a–d) provides that the Government give preference to domestic source end products. For the purpose of this clause:

(i) "components" means those articles, materials, and supplies, which are directly incorporated in the end products;

(ii) "end products" means those articles, materials, and supplies, which are to be acquired under this contract for public use; and

(iii) a "domestic source end product" means (A) an unmanufactured end product which has been mined or produced in the United States and (B) an end product manufactured in the United States if the cost of the components thereof which are mined, produced, or manufactured in the United States or Canada exceeds 50 percent of the cost of all its components. For the purposes of this (a) (iii) (B), components of foreign origin of the same

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type or kind as the products referred to in (b)(ii) or (iii) of this clause shall be treated as components mined, produced, or manufactured in the United States.

(b) The Contractor agrees that there will be delivered under this contract only domestic source end products, except end products:

(i) which are for use outside the United States;

(ii) which the Government determines are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality;

(iii) as to which the Secretary determines the domestic preference to be inconsistent with the public interest; or

(iv) as to which the Secretary determines the cost to the Government to be unreasonable.

(The foregoing requirements are administered in accordance with Executive Order No. 10582, dated December 17, 1954.)

13. CONVICT LABOR (Mar. 1949)

In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment at hard labor.

14. WALSH-HEALEY PUBLIC CONTRACTS ACT (Jan. 1958)

If this contract is for the manufacture or furnishing of materials, supplies, articles, or equipment in an amount which exceeds or may exceed $10,000 and is otherwise subject to the Walsh-Healey Public Contracts Act, as amended (41 U.S.C. 35–45), there are hereby incorporated by reference all representations and stipulations required by said Act and regulations issued thereunder by the Secretary of Labor, such representations and stipulations being subject to all applicable rulings and interpretations of the Secretary of Labor which are now or may hereafter be in effect.

15. NONDISCRIMINATION IN EMPLOYMENT (Jul. 1962)

The following clause is applicable unless this contract is exempt under the rules and regulations of the President's Committee on Equal Employment Opportunity issued pursuant to Executive Order No. 10925 of March 6, 1961 (26 FR 1977).)

In connection with the performance of work under this contract, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this Nondiscrimination in Employment clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the said labor union or workers' representative of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 10925 of March 6, 1961, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity in effect as of the date of this contract.

(e) The Contractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, and by the rules, regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's noncompliance with the Nondiscrimination in Employment clause of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 10925 of March 6, 1961, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

(g) The Contractor will include the provisions of the foregoing paragraphs (a) through (f) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to Section 303 of Executive Order No. 10925 of March 6, 1961, so that such provisions will be

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binding upon each subcontractor or vendor.* The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: **Provided,** however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

16. OFFICIALS NOT TO BENEFIT (Jul. 1949)

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

17. COVENANT AGAINST CONTINGENT FEES (Jan. 1958)

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to annul this contract without liability or in its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

18. AUTHORIZATION AND CONSENT (Jan. 1961)

The Government hereby gives its authorization and consent for all use and manufacture of any invention described in and covered by a patent of the United States in the performance of this contract or any part hereof or any amendment hereto or any subcontract hereunder (including any lower-tier subcontract).

19. NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (Feb. 1962)

The provisions of this clause shall be applicable only if the amount of this contract exceeds $10,000.

(a) The Contractor shall report to the Contracting Officer, promptly and in reasonable written detail, each notice or claim of patent or copyright infringement based on the performance of this contract of which the Contractor has knowledge.

(b) In the event of any suit against the Government, or any claim against the Government made before suit has been instituted, on account of any alleged patent or copyright infringement arising out of the performance of this contract or out of the use of any supplies furnished or work or services performed hereunder, the Contractor shall furnish to the Government, upon request, all evidence and information in possession of the Contractor pertaining to such suit or claim. Such evidence and information shall be furnished at the expense of the Government except in those cases in which the Contractor has agreed to idemnify the Government against the claim being asserted.

20. PATENT RIGHTS (LICENSE) (Apr. 1962)

(a) As used in this clause, the following terms shall have the meanings set forth below:

(i) The term "Subject Invention" means any invention, improvement, or discovery (whether or not patentable) conceived or first actually reduced to practice either—

(A) in the performance of the experimental, developmental, or research work called for or required under this contract; or

(B) in the performance of any experimental, developmental, or research work relating to the subject matter of this contract which was done upon an understanding in writing that a contract would be awarded; **provided,** that the term "Subject Invention" shall not include any invention which is specifically identified and listed in the Schedule for the purpose of excluding it from the license granted by this clause.

(ii) The term "Technical Personnel" means any person employed by or working under contract with the Contractor (other than a subcontractor whose responsibilities with respect to rights accruing to the Government in inventions arising under subcontracts are set forth in (g) and (h) below), who, by reason of the nature of his duties in connection with the performance of this contract, would reasonably be expected to make inventions.

(iii) The terms "subcontract" and "subcontractor" mean any subcontract or subcontractor of the Contractor, and any lower-tier subcontract or subcontractor under this contract.

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* The President's Committee on Equal Employment Opportunity interprets the first sentence of paragraph (g) to mean that the Contractor will include the provisions of the foregoing paragraphs (a) through (f) in every first-tier subcontract or purchase order, so that such provisions will be binding upon each such subcontractor or vendor, and will require each first-tier subcontractor or vendor similarly to include the provisions of paragraphs (a) through (f) in any subcontract or purchase order which he places, unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to section 303 of Executive Order 10925 of March 6, 1961.

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(b) (1) The Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, and royalty-free license to practice, and cause to be practiced by or for the United States Government, throughout the world, each Subject Invention in the manufacture, use, and disposition according to law, of any article or material, and in the use of any method. Such license (i) shall be nontransferable, except that the Government shall have the right to grant sublicenses to any foreign government or international organization specifically for use in programs established by International Agreements for research, development or production of weapons or equipment for mutual defense, and (ii) shall include the practice of Subject Invention in the manufacture, use, and disposition of any article or material, in the use of any method, or in the performance of any service acquired by or for the Government or with funds derived through the Military Assistance Program of the Government or otherwise through the Government.

(b) (1) (This paragraph applies if this contract has as one of its purposes the performance of research and development work under a space program, project or task and paragraph (b) (1) above is made inapplicable.) The Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, and royalty-free license to practice, and cause to be practiced by or for the United States Government, throughout the world, each Subject Invention in the manufacture, use, and disposition according to law, of any article or material, and in the use of any method. Such license (i) shall be nontransferable, except that the Government shall have (a) the right to grant sublicenses to any foreign government or international organization specifically for use in programs established by International Agreements for research, development or production of weapons or equipment for mutual defense and (b) the right to grant sublicenses to others, under such terms and conditions as may be prescribed, for the practice of any Subject Invention throughout the world in the design, development, manufacture, operation, maintenance and testing of communications satellite systems, and of equipment, components, and ground tracking, transmitting and receiving facilities therefor, and (ii) shall include the practice of Subject Invention in the manufacture, use, and disposition of any article or material, in the use of any method or in the performance of any service acquired by or for the Government or with funds derived through the Military Assistance Program of the Government or otherwise through the Government.

(2) With respect to:

(i) any Subject Invention made by other than Technical Personnel; and

(ii) any Subject Invention conceived prior to, but first actually reduced to practice in the course of, any of the experimental, developmental, or research work specified in (a) (i) above;

the obligation of the Contractor to grant a license as provided in (b) (1) above, to convey title as provided in (d) (ii) (B) or (d) (iv) below, and to convey foreign rights as provided in (e) below, shall be limited to the extent of the Contractor's right to grant the same without incurring any obligation to pay royalties or other compensation to others solely on account of said grant. Nothing contained in this Patent Rights clause shall be deemed to grant any license under any invention other than a Subject Invention.

(c) The Contractor shall furnish to the Contracting Officer the following information and reports concerning Subject Inventions which reasonably appear to be patentable:

(i) a written disclosure promptly after conception or first actual reduction to practice of each such Invention together with a written statement specifying whether or not a United States patent application claiming the Invention has been or will be filed by or on behalf of the Contractor;

(ii) interim reports at least every twelve months, commencing with the date of this contract, each listing all such Inventions conceived or first actually reduced to practice more than three months prior to the date of the report, and not listed on a prior interim report, or certifying that there are no such unreported Inventions; and

(iii) prior to final settlement of this contract, a final report listing all such Inventions including all those previously listed in interim reports.

(d) In connection with each Subject Invention referred to in (c) (i) above, the Contractor shall do the following:

(i) if the Contractor specifies that a United States patent application claiming such Invention will be filed, the Contractor shall file or cause to be filed such application in due form and time; however, if the Contractor, after having specified that such an application would be filed, decides not to file or cause to be filed said application, the Contractor shall so notify the Contracting Officer at the earliest practicable date and in any event not later than eight months after first publication, public use or sale.

(ii) if the Contractor specifies that a United States patent application claiming such Invention has not been filed and will not be filed (or having specified that such an application will be filed thereafter notifies the Contracting Officer to the contrary), the Contractor shall:

(A) inform the Contracting Officer in writing at the earliest practicable date of any publication of such Invention made by or known to the Contractor or, where applicable, of any contemplated publication by the Contractor, stating the date and identity of such publication or contemplated publication; and

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(B) convey to the Government the Contractor's entire right, title, and interest in such Invention by delivering to the Contracting Officer upon written request such duly executed instruments (prepared by the Government) of assignment and application, and such other papers as are deemed necessary to vest in the Government the Contractor's right, title, and interest aforesaid, and the right to apply for and prosecute patent applications covering such Invention throughout the world, subject, however, to the rights of the Contractor in foreign applications as provided in (e) below, and subject further to the reservation of a nonexclusive and royalty-free license to the Contractor (and to his existing and future associated and affiliated companies, if any, within the corporate structure of which the Contractor is a part) which license shall be assignable to the successor of that part of the Contractor's business to which such Invention pertains;

(iii) the Contractor shall furnish promptly to the Contracting Officer on request an irrevocable power of attorney to inspect and make copies of each United States patent application filed by or on behalf of the Contractor covering any such Invention;

(iv) in the event the Contractor, or those other than the Government deriving rights from the Contractor, elects not to continue prosecution of any such United States patent application filed by or on behalf of the Contractor, the Contractor shall so notify the Contracting Officer not less than sixty days before the expiration of the response period and, upon written request, deliver to the Contracting Officer such duly executed instruments (prepared by the Government) as are deemed necessary to vest in the Government the Contractor's entire right, title, and interest in such Invention and the application, subject to the reservation as specified in (d)(ii) above; and

(v) the Contractor shall deliver to the Contracting Officer duly executed instruments fully confirmatory of any license rights herein agreed to be granted to the Government.

(e) The Contractor, or those other than the Government deriving rights from the Contractor, shall, as between the parties hereto, have the exclusive right to file applications on Subject Inventions in each foreign country within:

(i) nine months from the date a corresponding United States application is filed;

(ii) six months from the date permission is granted to file foreign applications where such filing had been prohibited for security reasons; or

(iii) such longer period as may be approved by the Contracting Officer.

The Contractor shall, upon written request of the Contracting Officer convey to the Government the Contractor's entire right, title, and interest in each Subject Invention in each foreign country in which an application has not been filed within the time above specified, subject to the reservation of a nonexclusive and royalty-free license to the Contractor together with the right of the Contractor to grant sublicenses, which license and right shall be assignable to the successor of that part of the Contractor's business to which the Subject Invention pertains.

(f) If the Contractor fails to deliver to the Contracting Officer the interim reports required by (c)(ii) above, or fails to furnish the written disclosures for all Subject Inventions required by (c)(i) above shown to be due in accordance with any interim report delivered under (c)(ii) or otherwise known to be unreported, there shall be withheld from payment until the Contractor shall have corrected such failures either ten per cent (10%) of the amount of this contract, as from time to time amended, or five thousand dollars ($5,000), whichever is less. After payment of eighty per cent (80%) of the amount of this contract, as from time to time amended, payment shall be withheld until a reserve of either ten per cent (10%) of such amount, or five thousand dollars ($5,000), whichever is less, shall have been set aside, such reserve or balance thereof to be retained until the Contractor shall have furnished to the Contracting Officer:

(i) the final report required by (c)(iii) above;

(ii) written disclosures for all Subject Inventions required by (c)(i) above which are shown to be due in accordance with interim reports delivered under (c)(ii) above, or in accordance with such final reports, or are otherwise known to be unreported; and

(iii) the information as to any subcontractor required by (h) below.

The maximum amount which may be withheld under this paragraph (f) shall not exceed ten per cent (10%) of the amount of this contract or five thousand dollars ($5,000), whichever is less, and no amount shall be withheld under this paragraph (f) when the amount specified by this paragraph (f) is being withheld under other provisions of this contract. The withholding of any amount or subsequent payment thereof to the Contractor shall not be construed as a waiver of any rights accruing to the Government under this contract. This paragraph (f) shall not be construed as requiring the Contractor to withhold any amounts from a subcontractor to enforce compliance with the patent provisions of a subcontract.

(g) The Contractor shall, unless otherwise authorized by the Contracting Officer as hereafter provided, include a patent rights clause containing all the provisions of this Patent Rights Clause except provision (f) in any subcontract hereunder of three thousand dollars ($3,000) or more having experimental, developmental, or research work as one of its purposes. In the event of refusal by a subcontractor to accept such a patent rights clause, the Contractor (i) shall promptly submit a written report to the Contracting Officer setting forth the subcontractor's reasons for such refusal and other

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pertinent information which may expedite disposition of the matter, and (ii) shall not proceed with the subcontract without the written authorization of the Contracting Officer. Reports, instruments, and other information required to be furnished by a subcontractor to the Contracting Officer under the provisions of such a patent rights clause in a subcontract hereunder may, upon mutual consent of the Contractor and the subcontractor (or by direction of the Contracting Officer) be furnished to the Contractor for transmission to the Contracting Officer.

(h) The Contractor shall, at the earliest practicable date, notify the Contracting Officer in writing of any subcontract containing one or more patent rights clauses; furnish the Contracting Officer a copy of each of such clauses; and notify the Contracting Officer when such subcontract is completed. It is understood that with respect to any subcontract clause granting rights to the Government in Subject Inventions, the Government is a third party beneficiary; and the Contractor hereby assigns to the Government all the rights that the Contractor would have to enforce the subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. If there are no subcontracts containing patent rights clauses, a negative report is required. The Contractor shall not be obligated to enforce the agreements of any subcontractor hereunder relating to the obligations of the subcontractor to the Government in regard to Subject Inventions.

(i) The Contractor recognizes that the Government, or a foreign government with funds derived through the Military Assistance Program or otherwise through the United States Government, may contract for property or services with respect to which the vendor may be liable to the Contractor for royalties for the use of a Subject Invention on account of such a contract. The Contractor further recognizes that it is the policy of the Government not to pay in connection with its contracts, or to allow to be paid in connection with contracts made with funds derived through the Military Assistance Program or otherwise through the United States Government, charges for use of patents in which the Government holds a royalty-free license. In recognition of this policy, the Contractor agrees to participate in and make appropriate arrangements for the exclusion of such charges from such contracts or for the refund of amounts received by the Contractor with respect to any such charges not so excluded.

21. DATA (Feb. 1962)

(a) The term "Subject Data" as used herein includes writings, sound recordings, pictorial reproductions, drawings or other graphical representations, and works of any similar nature (whether or not copyrighted) which are specified to be delivered under this contract. The term does not include financial reports, cost analyses, and other information incidental to contract administration.

(b) The Contractor agrees to and does hereby grant to the Government, and to its officers, agents, and employees acting within the scope of their official duties, a royalty-free, nonexclusive and irrevocable license throughout the world for Government purposes to publish, translate, reproduce, deliver, perform, dispose of, and to authorize others so to do, all Subject Data now or hereafter covered by copyright.

(c) The Contractor shall not include in the Subject Data any copyrighted matter, without the written approval of the Contracting Officer, unless he provides the Government with the written permission of the copyright owner for the Government to use such copyrighted matter in the manner provided in paragraph (b) above.

(d) The Contractor shall report to the Contracting Officer, promptly and in reasonable written detail, each notice or claim of copyright infringement received by the Contractor with respect to all Subject Data delivered under this contract.

(e) Nothing contained in this clause shall imply a license to the Government under any patent or be construed as affecting the scope of any license or other right otherwise granted to the Government under any patent.

(f) Unless otherwise limited below, the Government may duplicate, use, and disclose in any manner and for any purpose whatsoever, and have others so do, all Subject Data delivered under this contract.

(g) The Contractor recognizes that the Government, or a foreign government with funds derived through the Mutual Security Program or otherwise through the United States Government, may contract for property or services with respect to which the vendor may be liable to the Contractor for charges for the use of Subject Data on account of such a contract. The Contractor further recognizes that it is the policy of the Government not to pay in connection with its contracts, or to allow to be paid in connection with contracts made with funds derived through the Mutual Security Program or otherwise through the United States Government, charges for data which the Government has a right to use and disclose to others, or which is in the public domain, or with respect to which the Government has been placed in possession without restrictions upon its use and disclosure to others. This policy does not apply to reasonable reproduction, handling, mailing, and similar administrative costs incident to the furnishing of such data. In recognition of this policy, the Contractor agrees to participate in and make appropriate arrangements for the exclusion of such charges from such contracts or for the refund of amounts received by the Contractor with respect to any such charges not so excluded.

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(h) Notwithstanding any provisions of this contract concerning inspection and acceptance, the Government shall have the right at any time to modify, remove, obliterate or ignore any marking not authorized by the terms of this contract on any piece of Subject Data furnished under this contract.

(i) Data need not be furnished for standard commercial items or services which are normally or have been sold or offered to the public commercially by any supplier and which are incorporated as component parts in or to be used with the product or process being developed if in lieu thereof identification of source and characteristics (including performance specifications, when necessary) sufficient to enable the Government to procure the part or an adequate substitute, are furnished; and further, "proprietary data" need not be furnished for other items which were developed at private expense and previously sold or offered for sale, including minor modifications thereof, which are incorporated as component parts in or to be used with the product or process being developed, if in lieu thereof the Contractor shall identify such other items and that "proprietary data" pertaining thereto which is necessary to enable reproduction or manufacture of the item or performance of the process. For the purpose of this clause "proprietary data" means data providing information concerning the details of a Contractor's secrets of manufacture, such as may be contained in but not limited to its manufacturing methods or processes, treatment and chemical composition of materials, plant layout and tooling, to the extent that such information is not disclosed by inspection or analysis of the product itself and to the extent that the Contractor has protected such information from unrestricted use by others. (Oct. 1958)

22. MILITARY SECURITY REQUIREMENTS (Jun. 1958)

(a) The provisions of this clause shall apply to the extent that this contract involves access to information classified "Confidential" including "Confidential—Modified Handling Authorized" or higher.

(b) The Government shall notify the Contractor of the security classification of this contract and the elements thereof, and of any subsequent revisions in such security classification, by the use of a Security Requirements Check List (DD Form 254), or other written notification.

(c) To the extent the Government has indicated as of the date of this contract or thereafter indicates security classification under this contract as provided in paragraph (b) above, the Contractor shall safeguard all classified elements of this contract and shall provide and maintain a system of scurity controls within his own organization in accordance with the requirements of—

(i) the Security Agreement (DD Form 441), including the Department of Defense Industrial Security Manual for Safeguarding Classified Information as in effect on the date of this contract, and any modification to the Security Agreement for the purpose of adapting the Manual to the Contractor's business; and

(ii) any amendments to said Manual made after the date of this contract, notice of which has been furnished to the Contractor by the Security Office of the Military Department having security cognizance over the facility.

(d) Representatives of the Military Department having security cognizance over the facility and representatives of the contracting Military Department shall have the right to inspect at reasonable intervals the procedures, methods, and facilities utilized by the Contractor in complying with the security requirements under this contract. Should the Government, through these representatives, determine that the Contractor is not complying with the security requirements of this contract the Contractor shall be informed in writing by the Security Office of the cognizant Military Department of the proper action to be taken in order to effect compliance with such requirements.

(e) If, subsequent to the date of this contract, the security classifications or security requirements under this contract are changed by the Government as provided in this clause, and if such change causes an increase or decrease in the estimated cost of performance of this contract, the estimated cost and fixed fee shall, to the extent appropriate, be subject to an equitable adjustment. Any such equitable adjustment shall be accomplished in the manner set forth in the "Changes" clause in this contract.

(f) The Contractor agrees to insert, in all subcontracts hereunder which involve access to classified information, provisions which shall conform substantially to the language of this clause, including this paragraph (f) but excluding paragraph (e) of this clause. The Contractor may insert in any such subcontract, and any such subcontract entered into thereunder may contain, in lieu of paragraph (e) of this clause, provisions which permit equitable adjustments to be made in the subcontract price or in the estimated cost and fixed fee of the subcontract (as appropriate to the type of subcontract involved) on account of changes in security classifications or requirements made under the provisions of this clause subsequent to the date of the subcontract involved. (Oct. 1953)

(g) The Contractor also agrees that he shall determine that any subcontractor proposed by him for the furnishing of supplies and services which will involve access to classified information in the Contractor's custody has been granted an appropriate facility security clearance, which is still in effect, prior to being accorded access to such classified information.

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23. GOVERNMENT PROPERTY (Aug. 1961)

(a) The Government shall deliver to the Contractor, for use in connection with and under the terms of this contract, the property described in the Schedule or specifications, together with such related data and information as the Contractor may request and as may reasonably be required for the intended use of such property (hereinafter referred to as "Government-furnished Property"). The delivery or performance dates for the supplies or services to be furnished by the Contractor under this contract are based upon the expectation that Government-furnished Property suitable for use will be delivered to the Contractor at the times stated in the Schedule or, if not so stated, in sufficient time to enable the Contractor to meet such delivery or performance dates. In the event that Government-furnished Property is not delivered to the Contractor by such time or times, the Contracting Officer shall, upon timely written request made by the Contractor, make a determination of the delay occasioned the Contractor and shall equitably adjust the estimated cost, fixed fee, or delivery or performance dates, or all of them, and any other contractual provisions affected by such delay, in accordance with the procedures provided for in the clause of this contract entitled "Changes." In the event that Government-furnished Property is received by the Contractor in a condition not suitable for the intended use, the Contractor shall, upon receipt thereof notify the Contracting Officer of such fact and, as directed by the Contracting Officer, either (i) return such property at the Government's expense or otherwise dispose of the property or (ii) effect repairs or modifications. Upon completion of (i) or (ii) above, the Contracting Officer upon written request of the Contractor shall equitably adjust the estimated cost, fixed fee, or delivery or performance dates, or all of them, and any other contractual provision affected by the return or disposition, or the repair or modification, in accordance with the procedures provided for in the clause of this contract entitled "Changes." The foregoing provisions for adjustment are exclusive and the Government shall not be liable to suit for breach of contract by reason of any delay in delivery of Government-furnished Property or delivery of such property in a condition not suitable for its intended use.

(b) Title to all property furnished by the Government shall remain in the Government. Title to all property purchased by the Contractor, for the cost of which the Contractor is entitled is to be reimbursed as a direct item of cost under this contract, shall pass to and vest in the Government upon delivery of such property by the vendor. Title to other property, the cost of which is reimbursable to the Contractor under the contract, shall pass to and vest in the Government upon (i) issuance for use of such property in the performance of this contract, or (ii) commencement of processing or use of such property in the performance of this contract, or (iii) reimbursement of the cost thereof by the Government in whole or in part, whichever first occurs. All Government-furnished Property, together with all property acquired by the Contractor title to which vests in the Government under this paragraph, are subject to the provisions of this clause and are hereinafter collectively referred to as "Government Property."

(c) Title to the Government Property shall not be affected by the incorporation or attachment thereof to any property not owned by the Government, nor shall such Government Property, or any part thereof, be or become a fixture or lose its identity as personalty by reason of affixation to any realty. The Contractor shall comply with the provisions of the "Manual for Control of Government Property in Possession of Contractors" (Appendix B, Armed Services Procurement Regulation), as in effect on the date of the contract, which Manual is hereby incorporated by reference and made a part of this contract.

(d) The Government Property provided or furnished pursuant to the terms of this contract shall, unless otherwise provided herein, be used only for the performance of this contract.

(e) The Contractor shall maintain and administer in accordance with sound industrial practice, a program, for the maintenance, repair, protection and preservation of Government Property so as to assure its full availability and usefulness for the performance of this contract. The Contractor shall take all reasonable steps to comply with all appropriate directions or instructions which the Contracting Officer may prescribe as reasonably necessary for the protection of Government Property.

(f) (1) The Contractor shall not be liable for any loss of or damage to the Government Property, or for expenses incidental to such loss or damage, except that the Contractor shall be responsible for any such loss or damage (including expenses incidental thereto) —

(i) which results from willful misconduct or lack of good faith on the part of any one of the Contractor's directors or officers, or on the part of any of his managers, superintendents, or other equivalent representatives, who has supervision or direction of:

(A) all or substantially all of the Contractor's business, or

(B) all or substantially all of the Contractor's operations at any one plant or separate location in which this contract is being performed, or

(C) a separate and complete major industrial operation in connection with the performance of this contract;

(ii) which results from a failure on the part of the Contractor, due to the willful misconduct or lack of good faith on the part of any of his directors,

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officers, or other representatives mentioned in subparagraph (i) above,

(A) to maintain and administer, in accordance with sound industrial practice, the program for maintenance, repair, protection and preservation of Government Property as required by paragraph (e) hereof, or

(B) to take all reasonable steps to comply with any appropriate written directions of the Contracting Officer under paragraph (e) hereof;

(iii) for which the Contractor is otherwise responsible under the express terms of the clause or clauses designated in the Schedule;

(iv) which results from a risk expressly required to be insured under this contract, but only to the extent of the insurance so required to be procured and maintained, or to the extent of insurance actually procured and maintained, whichever is greater; or

(v) which results from a risk which is in fact covered by insurance or for which the Contractor is otherwise reimbursed, but only to the extent of such insurance or reimbursement;

provided that, if more than one of the above exceptions shall be applicable in any case, the Contractor's liability under any one exception shall not be limited by any other exception. This clause shall not be construed as relieving a subcontractor from liability for loss or destruction of or damage to Government Property in his possession or control, except to the extent that the subcontract, with the prior approval of the Contracting Officer, may provide for the relief of the subcontractor from such liability. In the absence of such approval, the subcontract shall contain appropriate provisions requiring the return of all Government Property in as good condition as when received, except for reasonable wear and tear or for the utilization of the property in accordance with the provisions of the prime contract.

(2) The Contractor shall not be reimbursed for, and shall not include as an item of overhead, the cost of insurance, or any provision for a reserve, covering the risk of loss of or damage to the Government Property, except to the extent that the Government may have required the Contractor to carry such insurance under any other provisions of this contract.

(3) Upon the happening of loss or destruction of or damage to the Government Property, the Contractor shall notify the Contracting Officer thereof, and shall communicate with the Loss and Salvage Organization, if any, now or hereafter designated by the Contracting Officer, and with the assistance of the Loss and Salvage Organization so designated (unless the Contracting Officer has designated that no such organization be employed), shall take all reasonable steps to protect the Government Property from further damage, separate the damaged and undamaged Government Property, put all the Government Property in the best possible order, and furnish to the Contracting Officer a statement of—

(i) the lost, destroyed and damaged Government Property,

(ii) the time and origin of the loss, destruction or damage,

(iii) all known interests in commingled property of which the Government Property is a part, and

(iv) the insurance, if any, covering any part of or interest in such commingled property.

The Contractor shall make repairs and renovations of the damaged Government Property or take such other action, as the Contracting Officer directs.

(4) In the event the Contractor is indemnified, reimbursed, or otherwise compensated for any loss or destruction of or damage to the Government Property, he shall use the proceeds to repair, renovate or replace the Government Property involved, or shall credit such proceeds against the cost of the work covered by the contract, or shall otherwise reimburse the Government, as directed by the Contracting Officer. The Contractor shall do nothing to prejudice the Government's right to recover against third parties for any such loss, destruction or damage and, upon the request of the Contracting Officer, shall, at the Government's expense, furnish to the Government all reasonable assistance and cooperation (including the prosecution of suit and the execution of instruments of assignment in favor of the Government) in obtaining recovery. In addition, where the subcontractor has not been relieved from liability for any loss or destruction of or damage to Government Property, the Contractor shall enforce the liability of the subcontractor for such loss or destruction of or damage to the Government Property for the benefit of the Government.

(5) If this contract is for the development, production, modification, maintenance, or overhaul of aircraft, or otherwise involves the furnishing of aircraft by the Government, the clause of this contract entitled "Flight Risks" shall control, to the extent it is applicable, in the case of loss or destruction of, or damage to, aircraft.

(g) The Government shall at all reasonable times have access to the premises where any of the Government Property is located.

(h) The Government Property shall remain in the possession of the Contractor for such period of time as is required for the performance of this contract unless the Contracting Officer determines that the interests of the Government require removal of such property. In such case the Contractor shall promptly take such action as the Contracting Officer may direct with respect to the removal and shipping of Government Property. In any such

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instance, the contract may be amended to accomplish an equitable adjustment in the terms and provisions thereof.

(i) Upon the completion of this contract, or at such earlier dates as may be fixed by the Contracting Officer, the Contractor shall submit to the Contracting Officer in a form acceptable to him, inventory schedules covering all items of the Government Property not consumed in the performance of this contract, or not theretofore delivered to the Government, and shall deliver or make such other disposal of such Government Property as may be directed or authorized by the Contracting Officer. The net proceeds of any such disposal shall be credited to the cost of the work covered by the contract or shall be paid in such manner as the Contracting Officer may direct. The foregoing provisions shall apply to scrap from Government Property; **provided**, however, that the Contracting Officer may authorize or direct the Contractor to omit from such inventory schedules any scrap consisting of faulty castings or forgings, or cutting and processing waste, such as chips, cuttings, borings, turnings, short ends, circles, trimmings, clippings, and remnants, and to dispose of such scrap in accordance with the Contractor's normal practice and account therefor as a part of general overhead or other reimbursable cost in accordance with the Contractor's established accounting procedures.

(j) Unless otherwise provided herein, the Government shall not be under any duty or obligation to restore or rehabilitate, or to pay the costs of the restoration or rehabilitation of the Contractor's plant or any portion thereof which is affected by the removal of any Government Property.

(k) Directions of the Contracting Officer and communications of the Contractor issued pursuant to this clause shall be in writing.

24. INSURANCE—LIABILITY TO THIRD PERSONS (Jan. 1960)

(a) The Contractor shall procure and thereafter maintain workmen's compensation, employer's liability, comprehensive general liability (bodily injury) and comprehensive automobile liability (bodily injury and property damage) insurance, with respect to performance under this contract, and such other insurance as the Contracting Officer may from time to time require with respect to performance under this contract; **provided**, that the Contractor may with the approval of the Contracting Officer maintain a self-insurance program, and **provided further**, that with respect to workmen's compensation the Contractor is qualified pursuant to statutory authority. All insurance required pursuant to the provisions of this paragraph shall be in such form, in such amounts, and for such periods of time, as the Contracting Officer may from time to time require or approve, and with insurers approved by the Contracting Officer.

(b) The Contractor agrees, to the extent and in the manner required by the Contracting Officer, to submit for the approval of the Contracting Officer any other insurance maintained by the Contractor in connection with the performance of this contract and for which the Contractor seeks reimbursement hereunder.

(c) The Contractor shall be reimbursed: (i) for the portion allocable to this contract of the reasonable cost of insurance as required or approved pursuant to the provisions of this clause, and (ii) for liabilities to third persons for loss of or damage to property (other than property (A) owned, occupied or used by the Contractor or rented to the Contractor, or (B) in the care, custody, or control of the Contractor), or for death or bodily injury, not compensated by insurance or otherwise, arising out of the performance of this contract, whether or not caused by the negligence of the Contractor, his agents, servants or employees, **provided** such liabilities are represented by final judgments or by settlements approved in writing by the Government, and expenses incidental to such liabilities, except liabilities (I) for which the Contractor is otherwise responsible under the express terms of the clause or clauses, if any, specified in the Schedule, or (II) with respect to which the Contractor has failed to insure as required or maintain insurance as approved by the Contracting Officer or (III) which results from willful misconduct or lack of good faith on the part of any of the Contractor's directors, or officers, or on the part of any of his managers, superintendents, or other equivalent representatives, who has supervision or direction of (1) all or substantially all of the Contractor's business, or (2) all or substantially all of the Contractor's operations at any one plant or separate location in which this contract is being performed, or (3) a separate and complete major industrial operation in connection with the performance of this contract. The foregoing shall not restrict the right of the Contractor to be reimbursed for the cost of insurance maintained by the Contractor in connection with the performance of this contract, other than insurance required to be submitted for approval or required to be procured and maintained pursuant to the provisions of this clause, **provided** such cost would constitute Allowable Cost under the clause of this contract entitled "Allowable Cost, Fixed Fee, and Payment."

(d) The Contractor shall give the Government or its representatives immediate notice of any suit or action filed, or prompt notice of any claim made, against the Contractor arising out of the performance of this contract, the cost and expense of which may be reimbursable to the Contractor under the provisions of this contract, and the risk of which is then uninsured or in which the amount claimed exceeds the amount of coverage. The Contractor shall furnish immediately to the Government copies of all pertinent papers received by the Contractor.

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If the amount of the liability claimed exceeds the amount of coverage, the Contractor shall authorize representatives of the Government to collaborate with counsel for the insurance carrier, if any, in settling or defending such claim. If the liability is not insured or covered by bond, the Contractor shall, if required by the Government, authorize representatives of the Government to settle or defend any such claim and to represent the Contractor in or take charge of any litigation in connection therewith; **provided, however,** that the Contractor may, at his own expense, be associated with the representatives of the Government in the settlement or defense of any such claim or litigation.

25. UTILIZATION OF CONCERNS IN LABOR SURPLUS AREAS (Feb. 1962) (The provisions of this clause shall be applicable if this contract is in excess of $5,000.00.)

It is the policy of the Government to place contracts with concerns which will perform such contracts substantially in areas of persistent or substantial labor surplus where this can be done, consistent with the efficient performance of the contract, at prices no higher than are obtainable elsewhere. The Contractor agrees to use his best efforts to place his subcontracts in accordance with this policy. In complying with the foregoing and with paragraph (b) of the clause of this contract entitled "Utilization of Small Business Concerns," the Contractor in placing his subcontracts shall observe the following order of preference: (i) persistent labor surplus area concerns which are also small business concerns; (ii) other persistent labor surplus area concerns; (iii) substantial labor surplus area concerns which are also small business concerns; (iv) other substantial labor surplus area concerns; and (v) small business concerns which are not labor surplus area concerns.

26. PAYMENT FOR OVERTIME AND SHIFT PREMIUMS (Feb. 1962)

(a) Allowable cost shall not include any amount on account of overtime premiums or shift premiums, except to the extent that they either (i) are approved in writing on behalf of the Government or (ii) are paid for work—

(A) necessary to cope with emergencies such as those resulting from accidents, natural disasters, breakdowns of production equipment, or occasional production bottlenecks of a sporadic nature;

(B) by indirect labor employees such as those performing duties in connection with administration, protection, transportation, maintenance, standby plant protection, operation of utilities, or accounting;

(C) in the performance of tests, industrial processes, laboratory procedures, loading or unloading of transportation media, and operations in flight or afloat, which are continuous in nature and cannot reasonably be interrupted or otherwise completed; or

(D) which will result in lower overall cost to the Government.

(b) The cost of overtime premiums or shift premiums otherwise allowable under (a) above shall be allowed only to the extent the amount thereof is reasonable and properly allocable to the work under this contract.

27. COMPETITION IN SUBCONTRACTING (Apr. 1962)

The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the contract.

28. FILING OF PATENT APPLICATIONS (Jan. 1955)

(a) Before filing or causing to be filed a patent application disclosing any subject matter of this contract, which subject matter is classified "Secret" or higher, the Contractor shall, citing the thirty (30) days provision below, transmit the proposed application to the Contracting Officer for determination whether, for reasons of national security, such application should be placed under an order of secrecy or sealed in accordance with the provisions of 35 U.S. Code 181–188 or the issuance of a patent should be otherwise delayed under pertinent statutes or regulations; and the Contractor shall observe any instructions of the Contracting Officer with respect to the manner of delivery of the patent application to the U.S. Patent Office for filing, but the Contractor shall not be denied the right to file such patent application. If the Contracting Officer shall not have given any such instructions with thirty (30) days from the date of mailing or other transmittal of the proposed application, the Contractor may file the application.

(b) The Contractor shall furnish to the Contracting Officer, at the time of or prior to the time when the Contractor files or causes to be filed a patent application disclosing any subject matter of this contract, which subject matter is classified "Confidential," a copy of such application for determination whether, for reasons of national security, such application should be placed under an order of secrecy or the issuance of a patent should be otherwise delayed under pertinent statutes or regulation.

(c) In filing any patent application coming within the scope of this clause, the Contractor shall observe all applicable security regulations covering the transmission of classified subject matter.

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29. EXCUSABLE DELAYS (Jul. 1958)

Except with respect to defaults of subcontractors, the Contractor shall not be in default by reason of any failure in performance of this contract in accordance with its terms (including any failure by the Contractor to make progress in the prosecution of the work hereunder which endangers such performance) if such failure arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to: acts of God or of the public enemy; acts of the Government in either its sovereign or contractual capacity; fires; floods; epidemics; quarantine restrictions; strikes; freight embargoes; and unusually severe weather; but in every case the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the failure of a subcontractor to perform or make progress, and if such failure arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor shall not be deemed to be in default, unless (i) the supplies or services to be furnished by the subcontractor were obtainable from other sources, (ii) the Contracting Officer shall have ordered the Contractor in writing to procure such supplies or services from such other sources, and (iii) the Contractor shall have failed to comply reasonably with such order. Upon request of the Contractor, the Contracting Officer shall ascertain the facts and extent of such failure and, if he shall determine that any failure to perform was occasioned by any one or more of the said causes, the delivery schedule shall be revised accordingly, subject to the rights of the Government under the clause hereof entitled "Termination."

30. NOTICE TO THE GOVERNMENT OF LABOR DISPUTES (Sep. 1958)

(a) Whenever the Contractor has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, the Contractor shall immediately give notice thereof, including all relevant information with respect thereto, to the Contracting Officer.

(b) The Contractor agrees to insert the substance of this clause, including this paragraph (b), in any subcontract hereunder as to which a labor dispute may delay the timely performance of this contract; except that each such subcontract shall provide that in the event its timely performance is delayed or threatened by delay by any actual or potential labor dispute, the subcontractor shall immediately notify his next higher tier subcontractor, or the prime contractor, as the case may be, of all relevant information with respect to such dispute.

31. GRATUITIES (Mar. 1952)

(a) The Government may, by written notice to the Contractor, terminate the right of the Contractor to proceed under this contract if it is found, after notice and hearing, by the Secretary or his duly authorized representative, that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by the Contractor, or any agent or representative of the Contractor, to any officer or employee of the Government with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing of such contract; **provided,** that the existence of the facts upon which the Secretary or his duly authorized representative makes such findings shall be in issue and may be reviewed in any competent court.

(b) In the event this contract is terminated as provided in paragraph (a) hereof, the Government shall be entitled (i) to pursue the same remedies against the Contractor as it could pursue in the event of a breach of the contract by the Contractor, and (ii) as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary or his duly authorized representative) which shall be not less than three nor more than ten times the costs incurred by the Contractor in providing any such gratuities to any such officer or employee.

(c) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

32. LIMITATION ON WITHHOLDING OF PAYMENTS (Feb. 1959)

If more than one clause or Schedule provision of this contract authorizes the temporary withholding of amounts otherwise payable to the Contractor for work performed under this contract, the total of the amounts so withheld at any one time shall not exceed the greatest amount which may be withheld under any one such clause or Schedule provision at that time; **provided,** that this limitation shall not apply to:

(i) withholdings pursuant to any clause relating to wages or hours of employees;

(ii) withholdings not specifically provided for by this contract; and

(iii) the recovery of overpayments.

33. CHANGES (Feb. 1959)

The Contracting Officer may at any time, by a written order, and without notice to the sureties, if any, make changes, within the general scope of this contract, in any one or more of the following: (i) drawings, designs, or specifications, (ii) method

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of shipment or packing; (iii) place of inspection, delivery, or acceptance, and (iv) the amount of Government-furnished Property. If any such change causes an increase or decrease in the estimated cost of, or the time required for performance of this contract, or otherwise affects any other provisions of this contract, whether changed or not changed by any such order, an equitable adjustment shall be made (i) in the estimated cost or delivery schedule, or both, (ii) in the amount of any fee to be paid to the Contractor, and (iii) in such other provisions of the contract as may be so affected, and the contract shall be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within sixty (60) days from the date of receipt by the Contractor of the notification of change; **provided,** however, that the Contracting Officer, if he decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes." However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

34. STOP WORK ORDER (Jul. 1960)

(a) The Contracting Officer may, at any time, by written order to the Contractor, require the Contractor to stop all, or any part, of the work called for by this contract for a period of ninety (90) days after the order is delivered to the Contractor, and for any further period to which the parties may agree. Any such order shall be specifically identified as a Stop Work Order issued pursuant to this clause. Upon receipt of such an order, the Contractor shall forthwith comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of ninety (90) days after a stop work order is delivered to the Contractor, or within any extension of that period to which the parties shall have agreed, the Contracting Officer shall either—

(i) cancel the stop work order, or

(ii) terminate the work covered by such order as provided in the "Termination" clause of this contract.

(b) If a stop work order issued under this clause is canceled or the period of the order or any extension thereof expires, the Contractor shall resume work. An equitable adjustment shall be made in the delivery schedule, the estimated cost, the fee, or a combination thereof, and in any other provisions of the contract that may be affected, and the contract shall be modified in writing accordingly, if—

(i) the stop work order results in an increase in the time required for, or in the Contractor's cost properly allocable to, the performance of any part of this contract, and

(ii) the Contractor asserts a claim for such adjustment within thirty (30) days after the end of the period of work stoppage; **provided that,** if the Contracting Officer decides the facts justify such action, he may receive and act upon any such claim asserted at any time prior to final payment under this contract.

Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of "Disputes" clause of this contract.

(c) If a stop work order is not canceled and the work covered by such order is terminated for the convenience of the Government, the reasonable costs resulting from the stop work order shall be allowed in arriving at the termination settlement.

35. REPORTS OF WORK (Jul. 1960)

(a) The Contractor shall submit reports making full disclosure of all work done and the results thereof, in the manner, at the times, and to the extent set forth in the Schedule; **provided** that, unless otherwise specified in the Schedule, the Contractor shall submit such reports in triplicate from time to time as requested and upon completion (or earlier termination) of the work. Except as may be otherwise specified in the Schedule, or unless the Contractor is otherwise instructed, the Contractor shall, upon completion (or earlier termination) of the work deliver any working drawings and specifications of any prototypes as may have been developed.

(b) If the Contractor becomes unable to complete the contract work and to deliver at the time specified in the Schedule because of technical difficulties, notwithstanding the exercise of good faith and diligent efforts in performance of the work, he shall give the Contracting Officer written notice of the anticipated delays with reasons therefor, not less than forty-five (45) days before the completion date specified in the Schedule or within such time as the Contracting Officer deems sufficient. When notice is so required, the Contracting Officer may, in his discretion, extend the time specified in the Schedule for such period as he deems advisable.

36. DATA—WITHHOLDING OF PAYMENT (Apr. 1962) (This clause is applicable only if this contract contains the "Data" clause set forth in ASPR 9-203.1)

If "Subject Data" (as defined in the clause of this contract entitled "Data"), or any part thereof, is not delivered within the time specified by this contract or is deficient upon delivery (including having restrictive markings not specifically authorized

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by the contract), the Contracting Officer may, until such data is delivered or deficiencies are corrected. withhold payment due the Contractor on account of allowable costs and fixed fee, of ten percent (10%) of the contract price, unless a lesser withholding is specified in the schedule. Payments shall not be withheld nor any other action taken pursuant to this clause where the Contractor's failure to make timely delivery or to deliver data without deficiencies arises out of causes beyond the control and without the fault or negligence of the Contractor within the meaning of the clause hereof entitled "Excusable Delays." The withholding of any amount or subsequent payment thereof to the Contractor shall not be construed as a waiver of any rights accruing to the Government under this contract.

37. SUBMISSION OF VOUCHERS (Jun. 1959)

Pursuant to the Allowable Cost, Fixed Fee, and Payment (or Allowable Cost and Payment) General Provision of this contract, the Contractor shall submit vouchers to the Contracting Officer, with the supporting statement of costs describing the amounts claimed for: direct salaries and wages, labor burden or overhead, materials, and other direct and indirect costs.

38. INTEREST (Feb. 1962)

Notwithstanding any other provisions of this contract, unless paid within 30 days all amounts that become payable by the Contractor to the Government under this contract (net of any applicable tax credit under the Internal Revenue Code) shall bear interest at the rate of six percent per annum from the date due until paid, and shall be subject to the adjustments as provided by Part 6 of Appendix E of the Armed Services Procurement Regulation, as in effect on the date of this contract. Amounts shall be due upon the earliest one of (i) the date fixed pursuant to this contract, (ii) the date of the first demand for payment, (iii) the date of a supplemental agreement fixing the amount, or (iv) if this contract provides for revision of prices, the date of written notice to the Contractor stating the amount of refund payable in connection with a pricing proposal or in connection with a negotiated pricing agreement not confirmed by contract supplement.

39. COMPETITION IN SUBCONTRACTING (Apr. 1962)

The contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with objectives and requirements of the contract.

40. UTILIZATION OF CONCERNS IN LABOR SURPLUS AREAS (Feb. 1962)

It is the policy of the Government to place contracts with concerns which will perform such contracts substantially in areas of persistent or substantial labor surplus where this can be done, consistent with the efficient performance of the contract, at prices no higher than are obtainable elsewhere. The Contractor agrees to use his best efforts to place his subcontracts in accordance with this policy. In complying with the foregoing and with paragraph (b) of the clause of this contract entitled "Utilization of Small Business Concerns," the Contractor in placing his subcontracts shall observe the following order of preference: (i) persistent labor surplus area concerns which are also small business concerns; (ii) other persistent labor surplus area concerns; (iii) substantial labor surplus area concerns which are also small business concerns; (iv) other substantial labor surplus area concerns; and (v) small business concerns which are not labor surplus area concerns.

41. WORK HOURS ACT OF 1962—OVERTIME COMPENSATION (Oct. 1962)

This contract to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. C. 35-45) is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) No contractor or subcontractor contracting for any part of the contract work shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any calendar day or in excess of forty hours in such workweek, whichever is the greater number of overtime hours.

(b) In the event of any violation of the provisions of paragraph (a), the contractor and any subcontractor responsible for such violation shall be liable to any affected employee for his unpaid wages. In addition, such contractor or subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the provisions of paragraph (a), in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of forty hours in a workweek without payment of the required overtime wages.

(c) The Contracting Officer may withhold, or cause to be withheld, from moneys payable on account of work performed by the contractor or sub-

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contractor, the full amount of wages required by this contract and such sums as may administratively be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for liquidated damages as provided in paragraph (b).

42. AUDIT (Nov. 1962)

(a) For purposes of verifying that cost or pricing data submitted, in conjunction with the negotiation of this contract or any contract change or other modification involving an amount in excess of $100,000 are accurate, complete, and current, the Contracting Officer, or his authorized representatives, shall—until the expiration of three years from the date of final payment under this contract—have the right to examine those books, records, documents and other supporting data which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein, which were available to the Contractor as of the date of execution of the Contractor's Certificate of Current Cost or Pricing Data.

(b) The Contractor agrees to insert the substance of this clause including this paragraph (b) in all subcontracts hereunder in excess of $100,000 unless the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

43. PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (Nov. 1962)

(a) If the Contracting Officer determines that any price, including profit or fee, negotiated in connection with this contract was increased by any significant sums because the Contractor, or any subcontractor in connection with a subcontract covered by (c) below, furnished incomplete or inaccurate cost or pricing data or data not current as certified in the Contractor's Certificate of Current Cost or Pricing Data, then such price shall be reduced accordingly and the contract shall be modified in writing to reflect such adjustment.

(b) Failure to agree on a reduction shall be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this contract.

(c) The Contractor agrees to insert the substance of paragraphs (a) and (c) of this clause in each of his cost-reimbursement type, price redeterminable, or incentive subcontracts hereunder, and in any other subcontract hereunder in excess of $100,000 unless the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. In each such excepted subcontract hereunder which exceeds $100,000, the Contractor shall insert the substance of the following clause.

Price Reduction for Defective Cost or Pricing Data—Price Adjustments

(a) This clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of $100,000 that is not based on adequate price competition, established catalog or market price of commercial items sold in substantial quantities to the general public or prices set by law or regulation. The right to price reduction under this clause shall be limited to such price adjustments.

(b) If the Contractor determines that any price, including profit or fee, negotiated in connection with any price adjustment under this contract was increased by any significant sums because the subcontractor or any of his subcontractors in connection with a subcontract covered by paragraph (c) below, furnished incomplete or inaccurate cost or pricing data or data not current as of the date of execution of the subcontractor's certificate of current cost or pricing data, then such price shall be reduced accordingly and the subcontract shall be modified in writing to reflect such adjustment.

(c) The subcontractor agrees to insert the substance of this clause in each subcontract hereunder which exceeds $100,000.

44. SUBCONTRACTOR COST AND PRICING DATA (Nov. 1962)

(a) The Contractor shall require subcontractors hereunder to submit cost or pricing data under the following circumstances:

(i) prior to award of any cost-reimbursement type, incentive, or price-redeterminable subcontract;

(ii) prior to the award of any subcontract the price of which is expected to exceed $100,000;

(iii) prior to the pricing of any subcontract change or other modification for which the price adjustment is expected to exceed $100,000;

except, in the case of (ii) or (iii), where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(b) The Contractor shall require subcontractors to certify, in substantially the same form as that used in the certificate by the Prime Contractor to the Government, that to the best of their knowledge and belief, the cost and pricing data submitted under (a) above is accurate, complete, and current as of the date of execution, which date shall be as close as possible to the date of agreement on the negotiated price of the subcontract.

(c) The Contractor shall insert the substance of this clause, including this paragraph (c), in each subcontract hereunder which exceeds $100,000, except where the price thereof is based on adequate

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price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. In each such excepted subcontract hereunder in excess of $100,000 the Contractor shall insert the substance of the following clause:

Subcontractor Cost and Pricing Data—Price Adjustments

(a) Paragraphs (b) and (c) of this clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of $100,000. The requirements of this clause shall be limited to such price adjustments.

(b) The Contractor shall require subcontractors hereunder to submit cost or pricing data under the following circumstances:

(i) prior to award of any cost-reimbursement type, incentive, or price-redeterminable subcontract;

(ii) prior to the award of any subcontract the price of which is expected to exceed $100,000;

(iii) prior to the pricing of any subcontract change or other modification for which the price adjustment is expected to exceed $100,000;

except, in the case of (ii) or (iii), where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(c) The Contractor shall require subcontractors to certify, in substantially the same form as that used in the Certificate by the Prime Contractor to the Government, that to the best of their knowledge and belief the cost and pricing data submitted under (b) above is accurate, complete, and current as of the date of the execution, which date shall be as close as possible to the date of agreement on the negotiated price of the contract modification.

(d) The Contractor shall insert the substance of this clause including this paragraph (d) in each subcontract hereunder which exceeds $100,000.

45. NEGOTIATED OVERHEAD RATES (Dec. 1962)

(a) Notwithstanding the provisions of the clause of this contract entitled "Allowable Cost, Fixed Fee, and Payment," the allowable indirect costs under this contract shall be obtained by applying negotiated overhead rates to bases agreed upon by the parties, as specified below.

(b) The Contractor, as soon as possible but not later than ninety (90) days after the expiration of each period specified in the Schedule, shall submit to the Contracting Officer with a copy to the cognizant audit activity a proposed final overhead rate or rates for that period based on the Contractor's actual cost experience during that period, together with supporting cost data. Negotiation of final overhead rates by the Contractor and the Contracting Officer shall be undertaken as promptly as practicable after receipt of the Contractor's proposal.

(c) Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with Part 2 of Section XV of the Armed Services Procurement Regulation as in effect on the date of this contract.

(d) The results of each negotiation shall be set forth in a modification to this contract, which shall specify (i) the agreed final rates, (ii) the bases to which the rates apply, and (iii) the periods for which the rates apply.

(e) Pending establishment of final overhead rates for any period, the Contractor shall be reimbursed either at negotiated provisional rates as provided in the Schedule or at billing rates acceptable to the Contracting Officer, subject to appropriate adjustment when the final rates for that period are established. To prevent substantial over or under payment, the provisional or billing rates may, at the request of either party, be revised by mutual agreement, either retroactively or prospectively. Any such revision of negotiated provisional rates provided in the Schedule shall be set forth in an amendment to this contract.

(f) Any failure by the parties to agree on any final rate or rates under this clause shall be considered a dispute concerning a question of fact for decision by the Contracting Officer within the meaning of the "Disputes" clause of this contract.

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46. ALTERATIONS IN CONTRACT

The following alterations have been made in the provisions of this contract.

(a) Clause 3 hereof entitled "ALLOWABLE COST, FIXED FEE AND PAYMENT" is deleted in its entirety and the attached Clause 3 entitled "ALLOWABLE COST, INCENTIVE FEE AND PAYMENT" is substituted therefor.

(b) Clause 47 entitled "LIMITATION OF GOVERNMENT'S OBLIGATION" is attached hereto and made a part hereof.

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3. ALLOWABLE COST, INCENTIVE FEE, AND PAYMENT (May 1961)

(a)(1) For the performance of this contract, the Government shall pay to the Contractor,

(i) the cost thereof (hereinafter referred to as "allowable cost") determined by the Contracting Officer to be allowable in accordance with—

(A) Part 2 of Section XV of the Armed Services Procurement Regulation as in effect on the date of this contract; and,

(B) the terms of this contract; and

(ii) a fee determined as provided in this contract,

(2) The target cost and target fee of this contract are set forth in the Schedule and shall be subject to adjustment in accordance with (h) and (i) below. As used throughout this contract the term:

(i) "target cost" means the estimated cost of this contract initially negotiated, adjusted in accordance with (h) below; and

(ii) "target fee" means the fee which was initially negotiated on the assumption that this contract would be performed for a cost equal to the estimated cost of this contract initially negotiated, adjusted in accordance with (h) below.

(b) Once each month (or at more frequent intervals, if approved by the Contracting Officer) the Contractor may submit to an authorized representative of the Contracting Officer, in such form and reasonable detail as such representative may require an invoice or voucher supported by a statement of cost incurred by the Contractor in the performance of this contract and claimed to constitute allowable cost.

(c) Promptly after receipt of each invoice or voucher and statement of cost, the Government shall, except as otherwise provided in this contract, subject to the provisions of (d) below make payment thereon as approved by the Contracting Officer. Payment of fee shall be made to the Contractor as specified in the SCHEDULE; PROVIDED, however, that after payment of ninty-five percent (95%) of the minimum fee provided for in (i) below, further payment on account of the fee shall be withheld until a reserve of either fifteen percent (15%) of the target fee, or one hundred thousand dollars ($100,000), whichever is less, shall have been set aside.

(d) At any time or times prior to final payment under this contract, Contracting Officer may have the invoices or vouchers and statements of cost audited. Each payment theretofore made shall be subject to reduction for amounts included in the related

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invoice or voucher which are found by the Contracting Officer, on the basis of such audit, not to constitute allowable cost. Any payment may be reduced for overpayments, or increased for underpayment, on preceding invoices or vouchers.

(e) On receipt and approval of the invoice or voucher designated by the Contractor as the "completion invoice" or "completion voucher" and upon compliance by the Contractor with all the provisions of this contract (including, without limitations, the provisions of this contract (including, without limitation, the provisions relating to patents and the provisions of (f) below), the Government shall promptly pay to the Contractor any balance of allowable cost, and any part of the fee which has been withheld pursuant to (c) above or otherwise not paid to the Contractor. The completion invoice or voucher shall be submitted by the Contractor promptly following completion of the work under this contract but in no event later than one (1) year (or such longer period as the Contracting Officer may in his discretion approve in writing) from the date of such completion.

(f) The Contractor agrees that any refunds, rebates, credits, or other amounts (including any interest thereof) accruing to or received by the Contractor or any assignee under this contract shall be paid by the Contractor to the Government, to the extent that they are properly allocable to costs for which the Contractor has been reimbursed by the Government under this contract. Reasonable expenses incurred by the Contractor for the purpose of securing such refunds, rebates, credits, or other amounts shall be allowable costs hereunder when approved by the Contracting Officer. Prior to final payment under this contract, the Contractor and each assignee under this contract whose assignment is in effect at the time of final payment under this contract shall execute and deliver:

(i) an assignment to the Government, in form and substance satisfactory to the Contracting Officer, or refunds, credits, or other amounts (including any interest thereon) properly allocable to costs for which the contractor has been reimbursed by the Government under this contract; and

(ii) a release discharing the Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this contract, subject only to the following exceptions--

(A) specified claims in stated amounts or in estimated amounts where the amounts are not susceptible of exact statement by the Contractor;

(B) claims, together with reasonable expenses incidental thereto, based upon liabilities of the Contractor to third parties arising out of the performance of this contract; PROVIDED that such claims are not known to the Contractor on the date of the execution

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(10) This clause shall be applicable and the clause of this contract entitled "Limitation of Cost" inapplicable until such time as an amount equal to the total estimated cost and fee set forth in the schedule is allotted to this contract, and thereafter the clause of this contract entitled "Limitation of Cost" shall be applicable and this clause inapplicable.

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6 June 1967

SUBJECT: Contract [redacted]33(657)-12843, CPC Procurement
Amendment No. 10 Thereunder

Dear Chuck:

Enclosed please find two (2) copies (Nos. 1 and 3) of the subject instrument executed on behalf of this Contractor. It is to be noted that a minor correction was made to the document (Para. 6A - ,000 Revised to ,500).

In compiling your next amendment, presumably No. 11, which will incorporate Spares Lists No. 66 and No. 67 as negotiated during the recent (31 May - 1 June) conference, please enter a reference to the CPC Work Statement revision which reflects the Contract changes negotiated during the 21-23 March conference - See writer's letter dated 6 April 1967 attached.

Regards,

Jim

Jim

JM/ml

Enclosures (2)

write amend 11 12 to
(1) Incorp Spares
(2) " Work Statement

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7321

OSA -1463-67

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6 April 1967

add
Jim
Amend # 10

Subject:- Contract [redacted]33(657)-12843, CPC Procurement Work Statement Thereunder

Dear Chuck:

Enclosed please find 3 copies No.'s 4, 5 and 6 of this Contractor's document "Work Statement 1987-W-1 for the Central Processing Center (CPC) Procured under Contract AF33(657)-12843" Revision D dated 23 March 1967, said document reflecting the changes to contract negotiated during the period 21-23 March 1967.

If additional information is required, please contact the undersigned.

Regards,

Jim

JM:vg
Encl.
cc: SPO [redacted] w/encl. Cy. #2

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